

Sale, Consumption, and Allowable Alcohol by Volume of Liquor and Cereal Malt Beverage; SB 2

SB 2 amends various provisions in the Kansas Liquor Control Act (KLCA) and the Club and Drinking Establishment Act concerning the sale, consumption, and allowable alcohol by volume of alcoholic liquor and cereal malt beverage.

State Fair Alcoholic Liquor Consumption

Under current law, persons may not consume alcoholic liquor on the State Fairgrounds unless the consumption falls within certain exceptions, including:

- Domestic wine and beer or wine imported under a farm winery license and consumed for purposes of judging competitions;
- During certain permitted events of 75 people or less that are not a part of the annual State Fair event; or
- During the State Fair event, in certain premises subject to a temporary permit that authorizes the sale and service of wine or beer.

The bill amends these provisions to specify that alcoholic liquor could be consumed on the State Fairgrounds within boundaries that have been marked with a three-dimensional barrier if:

- It is domestic beer or wine and is consumed only for purposes of judging competitions;
- It is during certain permitted events of 75 people or less that are not a part of the annual State Fair event; or
- It is alcoholic liquor that is sold during the State Fair event, or as authorized by the Kansas State Fair Board (Board), by the holder of a temporary permit in accordance with the provisions of the bill.

Temporary Permit—State Fair

The bill amends law to allow issuance of a temporary permit for the sale of alcoholic liquor on the State Fairgrounds during the State Fair event, or as authorized by the Board, provided the Board has authorized such consumption and possession of alcoholic liquor.

The bill requires any temporary permit application to specify the premises within the State Fairgrounds where wine or beer could be consumed, including a diagram of the premises covered by the permit. The bill requires the diagram to match the entirety of the premises as leased from the Board. Additionally, the bill requires the boundaries of the State Fairgrounds to

be clearly marked by signs, a posted map, or other means that would identify the area in which alcoholic liquor could be possessed or consumed.

The bill also provides that each temporary permit holder will be liable for violations that occur in the temporary premises, but permit holders could also allow alcoholic liquor to be removed from the temporary premises and onto the State Fairgrounds.

The bill makes further conforming changes to existing law to allow the Director of Alcoholic Beverage Control, Kansas Department of Revenue (ABC Director) to issue temporary permits. Currently, the ABC Director may only issue temporary permits for consumption of wine or beer, or both, on the State Fairgrounds.

Temporary Permit—Statewide

The bill prohibits a city, county, or township from charging more than \$25 for a temporary permit for the selling and serving of alcoholic liquor for each permitted day, and such permit fee will be nonrefundable.

The bill also expands the maximum number of temporary permits an applicant could be issued in a calendar year from 4 to 12 and require all liquor drink taxes due from a previous temporary permit to be paid before an applicant could be approved for another temporary permit.

Distribution of Liquor Drink Taxes

Under current law, 25.0 percent of remitted liquor drink taxes are distributed to the State General Fund (SGF) and 5.0 percent of remitted liquor drink taxes are distributed to the Community Alcoholism and Intoxication Programs Fund, with the remaining taxes distributed to the Local Alcoholic Liquor Fund.

The bill requires 30.0 percent of the liquor drink taxes collected on the State Fairgrounds to be remitted to the SGF and the remaining taxes to be distributed to the State Fair Capital Improvements Fund. The bill further specifies that if the State Fair event were to be located outside the city limits of Hutchinson, the distribution provisions would expire.

Sales Between Retail Liquor Stores and Licensees

The bill amends the KLCA regarding where a licensed liquor retailer may sell and deliver alcoholic liquor and cereal malt beverage (CMB) to a public venue, club, or drinking establishment licensee for resale by such licensee, to allow such sales to licensees located in a corner located within two miles measured along the adjacent county boundary, as well as in the same or in an adjacent county as the licensee's premises as in current law.

Farm Wineries—Issuance of CMB License

The bill requires the board of county commissioners, the governing body of the city, or the ABC Director to issue a CMB retailer's license to licensees who have already been issued a

farm winery license and satisfy the requirements for such CMB retailer's license. Licensing authorities will not be able to deny a CMB retailer's license on the basis of zoning or other regulations or any city or county resolutions or ordinances.

The bill also eliminates a provision requiring a recipient of a CMB retailer's license to be of good character and reputation in the community in which the person resides.

The bill also amends related liquor licensing statutes to conform with the issuing requirement for farm wineries.

Domestic Wine—Allowable Alcohol by Volume

The bill amends the KLCA's definitions of certain domestic wine classifications to raise the allowable alcohol by volume (ABV) level and makes a corresponding amendment to current law concerning gallonage taxes.

The bill amends the definition of domestic fortified wine to include wine manufactured in Kansas of more than 16.0 percent ABV but no more than 20.0 percent ABV. Current law defines such wine as having more than 14.0 percent ABV and a maximum of 20.0 percent ABV.

The bill amends the definition of domestic table wine to include wine manufactured in Kansas with no more than 16.0 percent ABV. Current law defines such wine as having a maximum of 14.0 percent ABV.

The bill also makes corresponding changes to current statutory provisions on gallonage taxes to replace references to 14.0 percent ABV with 16.0 percent ABV.

Effective Date

The provisions of the bill relating to consumption of alcoholic liquor on the State Fairgrounds, temporary permits, issuance of CMB retailer licenses to farm wineries, and sale and delivery of alcoholic liquor and CMB between retail liquor stores and other licensees take effect upon publication in the *Kansas Register*.

The provisions of the bill relating to the percentage of ABV in domestic table wine and domestic fortified wine will be effective on January 1, 2023.