

March 12, 2024

The Honorable Will Carpenter, Chairperson
House Committee on Federal and State Affairs
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Carpenter:

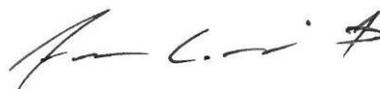
SUBJECT: Fiscal Note for HB 2677 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2677 is respectfully submitted to your committee.

HB 2677 would amend the Liquor Control Act. The bill would allow cereal malt beverage (CMB) retailers to sell wine containing not more than 16.0 percent alcohol by volume and impose the applicable retailers' sales tax. The bill would require the Director of Alcoholic Beverage Control to conduct a market study of the sale of wine by CMB licensees with data ranging from 2018 to 2028. The market study would be reported to the 2029 Legislature. The bill would also extend the Director's oversight over CMB licensees to include the sale of wine. HB 2677 also clarifies who could sell wine to CMB retailers.

The Department of Revenue indicates if the bill is enacted it could result in an increase in CMB retailer licenses as well as a decrease in liquor licenses. The Department notes that there could be decreases in liquor drink and enforcement taxes and liquor fees; however, there could be an increase to the retailers' sales tax. A precise fiscal effect on revenues cannot be estimated. The Department estimates State General Fund expenditures of \$3,600 in FY 2025 to revise forms and make modifications to the agency's website to implement the bill's provisions. Any fiscal effect associated with HB 2677 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties