

## **Taxation of Beer Sold by Cereal Malt Beverage Licensees; HB 2502**

**HB 2502** provides for newly authorized sales by cereal malt beverage (CMB) licensees of beer containing no more than 6.0 percent alcohol by volume to be subject to state and local sales taxes instead of the state liquor enforcement tax. Pursuant to legislation enacted in 2017, starting on April 1, 2019, CMB licensees will be allowed to sell beer containing no more than 6.0 percent alcohol by volume.

CMB licensees are under the oversight of the Director of Alcoholic Beverage Control (Director) [the Division of Alcoholic Beverage Control is within the Department of Revenue]. The Director is permitted to impose a fine, not exceeding \$1,000, for each violation of the Kansas Cereal Malt Beverage Act. Moneys collected from fines will be deposited in the State General Fund.

The bill clarifies the Director will conduct the market impact study, required by continuing law to be submitted to the Legislature following the tenth anniversary of the effective date of the 2017 legislation, using information available to the Director.