

SESSION OF 2018

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2470

As Amended by House Committee on Federal
and State Affairs

Brief*

HB 2470, as amended, would allow microbreweries within the state of Kansas to contract with other microbreweries for production and packaging of beer and hard cider.

The contracting Kansas microbrewery would be held to all applicable state and federal laws dealing with manufacturing, packaging, and labeling and would be responsible for payment of all state, and federal taxes on the beer or hard cider.

Production of beer or hard cider would count toward production limits in continuing law for both of the microbreweries involved in such a contract. The bill would allow the beer or hard cider to be transferred to the microbrewery on whose behalf the beer or hard cider was produced, after production and packaging.

Background

The bill was introduced by the House Committee on Federal and State Affairs at the request of a representative of the Kansas Craft Brewers Guild.

Proponent testimony was presented by Representative Averkamp, who stated that the bill was requested on behalf of one of his constituents. Representative Averkamp testified

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

the bill would address the changing needs of microbrewers in Kansas.

Further proponent testimony was presented by a representative of the Kansas Microbrewers Guild and a representative of Wilcott Brewing Company. The proponents indicated the bill would allow microbrewers in Kansas to expand their production and would be mutually beneficial for contracting microbrewers. The proponents further indicated that counting the production of contracted beer and hard cider toward annual production limits would not cause most microbreweries to exceed allowed production.

Written proponent testimony was provided by the Norsemen Brewing Company. Written neutral testimony was provided by the Kansas Department of Revenue, Division of Alcoholic Beverage Control. No other testimony was provided.

The House Committee amended the bill to allow for the transfer of both beer and hard cider manufactured by a licensee for a contracting microbrewery and to provide that both barrels of beer and hard cider produced pursuant to such contracts would be included as part of the production limits for both contracting licensees.

Calendar-year production limits in continuing law are 60,000 barrels of beer and 100,000 gallons of hard cider.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the Department of Revenue estimates any fiscal effect associated with the enactment of the bill would be negligible and could be absorbed within existing resources.