

SESSION OF 2018

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2470**

As Amended by Senate Committee of the Whole

**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.

The bill would also define "judge" as a person who receives an invitation to an event conducted by the host when the invitation has been made available to the general public. Under the bill, the Director of Alcoholic Beverage Control (ABC) could adopt reasonable rules and regulations concerning contests or competitions when the invitations for judges are made available to the general public.

*The bill would be in effect upon publication in the Kansas Register.*

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\*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>

## **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 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 ABC. 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.

The Senate Committee on Federal and State Affairs heard proponent testimony from Representative Averkamp and representatives of the Kansas Craft Brewers Guild and

Willcott Brewing who testified the bill would address the changing needs of microbrewers in Kansas.

Neutral testimony was provided by the Director of ABC. No other testimony was provided.

The Senate Committee of the Whole amended the bill to define “judge” as a person who receives an invitation to an event conducted by the host when the invitation has been made available to the general public and allow the Director of ABC to adopt reasonable rules and regulations regarding contests and competitions. The Senate Committee of the Whole also amended the bill to change the effective date from publication in the statute book to publication in the *Kansas Register* and made technical corrections.

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. An updated fiscal note was not available at the time the Senate Committee of the Whole took action on the bill.