

Senate Substitute for HOUSE BILL No. 2252

By Committee on Federal and State Affairs

3-18

1 AN ACT concerning alcoholic beverages; relating to wineries; authorizing
2 the issuance of fulfillment house licenses; eliminating the requirement
3 for certain percentage of Kansas grown product; allowing the transfer
4 and receipt of bulk wine; allowing the transfer and receipt of bulk
5 alcoholic liquor and cereal malt beverage for canning and bottling
6 purposes; requiring electronic submission of gallonage taxes by special
7 order shipping licensees; authorizing the issuance of a drinking
8 establishment license to manufacturers under certain conditions;
9 eliminating the requirement of Kansas residency for licensure;
10 amending K.S.A. 41-2632 and K.S.A. 2020 Supp. 41-102, 41-308a, 41-
11 308b, 41-311, 41-311b, 41-350, 41-352, 41-2623, 41-2642 and 41-2703
12 and repealing the existing sections.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 New Section 1. (a) Before making or causing any shipment of
16 alcoholic liquor to Kansas residents, a fulfillment house shall pay a \$50
17 license fee and obtain such license that will be applicable for each location
18 that is involved in the shipping process to Kansas residents. A fulfillment
19 house license shall commence on the date specified on the license and
20 expire two years after such date. The holder of a fulfillment house license
21 may only provide services for the warehousing, packaging and shipping of
22 alcoholic liquors produced by, and belonging to, a special order shipping
23 licensee in accordance with K.S.A. 41-350, and amendments thereto. A
24 fulfillment house licensee shall make reasonable efforts to confirm that
25 any winery that they ship alcoholic liquor for holds a special order
26 shipping license and may rely on the representations of each such winery
27 for such assurance.

28 (b) As part of a fulfillment house license application, the applicant
29 shall provide any information as required by rules and regulations adopted
30 by the director and contained in the fulfillment house license application
31 form established by the director.

32 (c) If the holder of the license is an out-of-state entity, the licensee
33 shall be deemed to have appointed the secretary of state as the resident
34 agent and representative of the licensee to accept service of process from
35 the secretary of revenue, the director and the courts of this state concerning
36 enforcement of this section, K.S.A. 41-501 et seq., and amendments

1 thereto, and any rules and regulations adopted thereunder and to accept
2 service of any notice or order provided for in the liquor control act.

3 (d) (1) A fulfillment house licensee shall ensure all containers of
4 alcoholic liquors shipped directly to an individual in this state are labeled
5 with the name, address and license number of the fulfillment house
6 licensee. All such containers shall contain a conspicuously printed
7 statement of "SIGNATURE OF PERSON AGE 21 OR OLDER
8 REQUIRED FOR DELIVERY".

9 (2) All containers of alcoholic liquors shipped directly to a resident of
10 this state shall be shipped using a common carrier pursuant to K.S.A. 41-
11 725, and amendments thereto.

12 (e) (1) A fulfillment house licensee shall:

13 (A) Maintain records of all shipments for a minimum of three years
14 after the shipment date, that shall include the:

15 (i) Name, address and license number of the special order shipping
16 licensee;

17 (ii) name and license number of the express company or common
18 carrier;

19 (iii) date of each shipment;

20 (iv) carrier tracking number;

21 (v) name and address of the consignee of such alcoholic liquors; and

22 (vi) weight of the package and product type of alcoholic liquors
23 shipped.

24 (B) Submit these records as an electronic report to the director
25 monthly in the form and format prescribed by the director.

26 (2) Reports submitted pursuant to this subsection shall be open
27 records available for public inspection in accordance with the open records
28 act. Any information relating to the name or address of a consignee of any
29 alcoholic liquors shall be redacted from the reports that are made available
30 for public inspection. The provisions of this paragraph providing for the
31 confidentiality of certain public records shall expire on July 1, 2026,
32 unless the legislature reviews and reenacts such provisions in accordance
33 with K.S.A. 45-229, and amendments thereto, prior to July 1, 2026.

34 (f) A fulfillment house that willfully fails, neglects or refuses to file
35 any report pursuant to subsection (e) shall be subject to a civil penalty of
36 not more than \$100. After notice and an opportunity for hearing in
37 accordance with the Kansas administrative procedure act, the director may
38 refuse to issue or renew or may revoke a fulfillment house license upon a
39 finding that the licensee has failed to comply with any provision of this
40 section.

41 (g) The secretary of revenue shall adopt rules and regulations to
42 implement, administer and enforce the provisions of this section.

43 (h) The provisions of this section shall be a part of and supplemental

1 to the Kansas liquor control act.

2 Sec. 2. K.S.A. 2020 Supp. 41-102 is hereby amended to read as
3 follows: 41-102. As used in this act, unless the context clearly requires
4 otherwise:

5 (a) "Alcohol" means the product of distillation of any fermented
6 liquid, whether rectified or diluted, whatever its origin, and includes
7 synthetic ethyl alcohol but does not include denatured alcohol or wood
8 alcohol.

9 (b) "Alcoholic candy" means:

10 (1) For purposes of manufacturing, any candy or other confectionery
11 product with an alcohol content greater than 0.5% alcohol by volume; and

12 (2) for purposes of sale at retail, any candy or other confectionery
13 product with an alcohol content greater than 1% alcohol by volume.

14 (c) "Alcoholic liquor" means alcohol, spirits, wine, beer, alcoholic
15 candy and every liquid or solid, patented or not, containing alcohol, spirits,
16 wine or beer and capable of being consumed by a human being, but shall
17 not include any cereal malt beverage.

18 (d) "Beer" means a beverage, containing more than 3.2% alcohol by
19 weight, obtained by alcoholic fermentation of an infusion or concoction of
20 barley, or other grain, malt and hops in water and includes beer, ale, stout,
21 lager beer, porter and similar beverages having such alcoholic content.

22 (e) "~~Caterer~~" ~~has the meaning provided~~ *means the same as defined by*
23 K.S.A. 41-2601, and amendments thereto.

24 (f) "~~Cereal malt beverage~~" ~~has the meaning provided~~ *means the same*
25 *as defined by* K.S.A. 41-2701, and amendments thereto.

26 (g) "~~Club~~" ~~has the meaning provided~~ *means the same as defined by*
27 K.S.A. 41-2601, and amendments thereto.

28 (h) "Director" means the director of alcoholic beverage control of the
29 department of revenue.

30 (i) "Distributor" means the person importing or causing to be
31 imported into the state, or purchasing or causing to be purchased within
32 the state, alcoholic liquor for sale or resale to retailers licensed under this
33 act or cereal malt beverage for sale or resale to retailers licensed under
34 K.S.A. 41-2702, and amendments thereto.

35 (j) "Domestic beer" means beer which contains not more than 15%
36 alcohol by weight and which is manufactured in this state.

37 (k) "Domestic fortified wine" means wine which contains more than
38 14%, but not more than 20% alcohol by volume and which is
39 manufactured in this state.

40 (l) "Domestic table wine" means wine which contains not more than
41 14% alcohol by volume and which is manufactured without rectification or
42 fortification in this state.

43 (m) "~~Drinking establishment~~" ~~has the meaning provided~~ *means the*

1 same as defined by K.S.A. 41-2601, and amendments thereto.

2 (n) "Farm winery" means a winery licensed by the director to
3 manufacture, store and sell domestic table wine and domestic fortified
4 wine.

5 (o) "*Fulfillment house*" means any location or facility for any in-state
6 or out-of-state entity that handles logistics, including warehousing,
7 packaging, order fulfillment or shipping services on behalf of the holder of
8 a special order shipping license issued pursuant to K.S.A. 41-350, and
9 amendments thereto.

10 (p) "Hard cider" means any alcoholic beverage that:

11 (1) Contains less than 8.5% alcohol by volume;

12 (2) has a carbonation level that does not exceed 6.4 grams per liter;
13 and

14 (3) is obtained by the normal alcoholic fermentation of the juice of
15 sound, ripe apples or pears, including such beverages containing sugar
16 added for the purpose of correcting natural deficiencies.

17 ~~(p)~~(q) "Manufacture" means to distill, rectify, ferment, brew, make,
18 mix, concoct, process, blend, bottle or fill an original package with any
19 alcoholic liquor, beer or cereal malt beverage.

20 ~~(q)~~(r) (1) "Manufacturer" means every brewer, fermenter, distiller,
21 rectifier, wine maker, blender, processor, bottler or person who fills or
22 refills an original package and others engaged in brewing, fermenting,
23 distilling, rectifying or bottling alcoholic liquor, beer or cereal malt
24 beverage.

25 (2) "Manufacturer" does not include a microbrewery, microdistillery
26 or a farm winery.

27 ~~(r)~~(s) "Microbrewery" means a brewery licensed by the director to
28 manufacture, store and sell domestic beer and hard cider.

29 ~~(s)~~(t) "Microdistillery" means a facility which produces spirits from
30 any source or substance that is licensed by the director to manufacture,
31 store and sell spirits.

32 ~~(t)~~(u) "Minor" means any person under 21 years of age.

33 ~~(u)~~(v) "Nonbeverage user" means any manufacturer of any of the
34 products set forth and described in K.S.A. 41-501, and amendments
35 thereto, when the products contain alcohol or wine, and all laboratories
36 using alcohol for nonbeverage purposes.

37 ~~(v)~~(w) "Original package" means any bottle, flask, jug, can, cask,
38 barrel, keg, hogshead or other receptacle or container whatsoever, used,
39 corked or capped, sealed and labeled by the manufacturer of alcoholic
40 liquor, to contain and to convey any alcoholic liquor. Original container
41 does not include a sleeve.

42 ~~(w)~~(x) "Person" means any natural person, corporation, partnership,
43 trust or association.

1 ~~(x)~~(y) "Powdered alcohol" means alcohol that is prepared in a
2 powdered or crystal form for either direct use or for reconstitution in a
3 nonalcoholic liquid.

4 ~~(y)~~(z) "Primary American source of supply" means the manufacturer,
5 the owner of alcoholic liquor at the time it becomes a marketable product
6 or the manufacturer's or owner's exclusive agent who, if the alcoholic
7 liquor cannot be secured directly from such manufacturer or owner by
8 American wholesalers, is the source closest to such manufacturer or owner
9 in the channel of commerce from which the product can be secured by
10 American wholesalers.

11 ~~(z)~~(aa) (1) "Retailer" means a person who is licensed under the
12 Kansas liquor control act and sells at retail, or offers for sale at retail,
13 alcoholic liquors or cereal malt beverages.

14 (2) "Retailer" does not include a microbrewery, microdistillery or a
15 farm winery.

16 ~~(aa)~~(bb) "Sale" means any transfer, exchange or barter in any manner
17 or by any means whatsoever for a consideration and includes all sales
18 made by any person, whether principal, proprietor, agent, servant or
19 employee.

20 ~~(bb)~~(cc) "Salesperson" means any natural person who:

21 (1) Procures or seeks to procure an order, bargain, contract or
22 agreement for the sale of alcoholic liquor or cereal malt beverage; or

23 (2) is engaged in promoting the sale of alcoholic liquor or cereal malt
24 beverage, or in promoting the business of any person, firm or corporation
25 engaged in the manufacturing and selling of alcoholic liquor or cereal malt
26 beverage, whether the seller resides within the state of Kansas and sells to
27 licensed buyers within the state of Kansas, or whether the seller resides
28 without the state of Kansas and sells to licensed buyers within the state of
29 Kansas.

30 ~~(cc)~~(dd) "Sample" means a serving of alcoholic liquor that contains
31 not more than: (1) One-half ounce of distilled spirits; (2) one ounce of
32 wine; or (3) two ounces of beer or cereal malt beverage. A "sample" of a
33 mixed alcoholic beverage shall contain not more than ½ ounce of distilled
34 spirits.

35 ~~(dd)~~(ee) "Secretary" means the secretary of revenue.

36 ~~(ee)~~(ff) (1) "Sell at retail" and "sale at retail" refer to and mean sales
37 for use or consumption and not for resale in any form and sales to clubs,
38 licensed drinking establishments, licensed caterers or holders of temporary
39 permits.

40 (2) "Sell at retail" and "sale at retail" do not refer to or mean sales by
41 a distributor, a microbrewery, a farm winery, a licensed club, a licensed
42 drinking establishment, a licensed caterer or a holder of a temporary
43 permit.

1 ~~(ff)~~(gg) "To sell" includes to solicit or receive an order for, to keep or
2 expose for sale and to keep with intent to sell.

3 ~~(gg)~~(hh) "Sleeve" means a package of two or more 50-milliliter or
4 {3.2-fluid-ounce} containers of spirits.

5 ~~(hh)~~(ii) "Spirits" means any beverage which contains alcohol
6 obtained by distillation, mixed with water or other substance in solution,
7 and includes brandy, rum, whiskey, gin or other spirituous liquors, and
8 such liquors when rectified, blended or otherwise mixed with alcohol or
9 other substances.

10 ~~(ii)~~(jj) "Supplier" means a manufacturer of alcoholic liquor or cereal
11 malt beverage or an agent of such manufacturer, other than a salesperson.

12 ~~(jj)~~(kk) "Temporary permit" ~~has the meaning provided~~ means the
13 same as defined by K.S.A. 41-2601, and amendments thereto.

14 ~~(kk)~~(ll) "Wine" means any alcoholic beverage obtained by the normal
15 alcoholic fermentation of the juice of sound, ripe grapes, fruits, berries or
16 other agricultural products, including such beverages containing added
17 alcohol or spirits or containing sugar added for the purpose of correcting
18 natural deficiencies. ~~The term "Wine" shall include~~ includes hard cider and
19 any other product that is commonly known as a subset of wine.

20 Sec. 3. K.S.A. 2020 Supp. 41-308a is hereby amended to read as
21 follows: 41-308a. (a) A farm winery license shall allow:

22 (1) The manufacture of domestic table wine and domestic fortified
23 wine in a quantity not exceeding 100,000 gallons per year and the storage
24 thereof;

25 (2) the sale of wine, manufactured by the licensee, to licensed wine
26 distributors, retailers, public venues, clubs, drinking establishments,
27 holders of temporary permits as authorized by K.S.A. 2020 Supp. 41-1201,
28 and amendments thereto, and caterers;

29 (3) the manufacture for and sale of wine to holders of producer
30 licenses as authorized by K.S.A. 2020 Supp. 41-355, and amendments
31 thereto. Wine manufactured for a producer licensee shall be included in the
32 farm winery licensee's annual production for purposes of subsection (c).
33 The label for any such wine manufactured by the farm winery licensee, as
34 filed with the alcohol and tobacco tax and trade bureau of the United
35 States department of the treasury, may be owned by either the farm winery
36 or the producer licensee for whom the wine was manufactured;

37 (4) the sale, on the licensed premises and at special events monitored
38 and regulated by the division of alcoholic beverage control in the original
39 unopened container to consumers for consumption off the licensed
40 premises, of wine manufactured by the licensee;

41 (5) the serving free of charge on the licensed premises and at special
42 events, monitored and regulated by the division of alcoholic beverage
43 control, of samples of wine manufactured by the licensee or imported

1 under subsection (e), if the licensed premises are located in a county where
2 the sale of alcoholic liquor is permitted by law in licensed drinking
3 establishments;

4 (6) the sale of wine manufactured by the licensee for consumption on
5 the licensed premises, provided, the licensed premises are located in a
6 county where the sale of alcoholic liquor is permitted by law in licensed
7 drinking establishments. Wine sold pursuant to this paragraph shall not be
8 subject to the provisions of the club and drinking establishment act, K.S.A.
9 41-2601 et seq., and amendments thereto, and no drinking establishment
10 license shall be required to make such sales;

11 (7) if the licensee is also licensed as a club or drinking establishment,
12 the sale of domestic wine, domestic fortified wine and other alcoholic
13 liquor for consumption on the licensed premises as authorized by the club
14 and drinking establishment act;

15 (8) if the licensee is also licensed as a caterer, the sale of domestic
16 wine, domestic fortified wine and other alcoholic liquor for consumption
17 on the unlicensed premises as authorized by the club and drinking
18 establishment act;

19 (9) the sale and shipping, in the original unopened container, to
20 consumers outside this state of wine manufactured by the licensee,
21 provided that the licensee complies with applicable laws and rules and
22 regulations of the jurisdiction to which the wine is shipped; ~~and~~

23 (10) the sale and shipping of wine within this state pursuant to a
24 permit issued pursuant to K.S.A. 2020 Supp. 41-350, and amendments
25 thereto;

26 (11) *the transfer or receipt of wine in a bulk container or packaged*
27 *wine in bond to any bonded premises pursuant to 26 U.S.C. § 5362(b)(1)*
28 *and 27 C.F.R. § 24.280 through 24.284, as in effect on July 1, 2021;*

29 (12) *the transfer or receipt of wine in a bulk container in bond to a*
30 *distilled spirits plant for use in the manufacture of distilled spirits*
31 *pursuant to 26 U.S.C. § 5362(b)(2), (b)(3) and (c)(6) and 27 C.F.R. §*
32 *24.280 through 24.290, as in effect on July 1, 2021;*

33 (13) *the receipt of distilled spirits in a bulk container pursuant to 26*
34 *U.S.C. § 5214(a)(5) and 27 C.F.R. § 19.402 through 19.407, as in effect on*
35 *on July 1, 2021; and*

36 (14) *the production of fortified wine with the addition of wine spirits*
37 *to domestic wine if the spirits added are produced from the same kind of*
38 *fruit that was used to produce the wine pursuant to 26 U.S.C. § 5382(b)*
39 *(2), as in effect on July 1, 2021.*

40 (b) Upon application and payment of the fee prescribed by K.S.A. 41-
41 310, and amendments thereto, by a farm winery licensee, the director may
42 issue not to exceed three winery outlet licenses to the farm winery
43 licensee. A winery outlet license shall allow:

1 (1) The sale, on the licensed premises and at special events monitored
2 and regulated by the division of alcoholic beverage control in the original
3 unopened container to consumers for consumption off the licensed
4 premises, of wine manufactured by the licensee;

5 (2) the serving on the licensed premises of samples of wine
6 manufactured by the licensee or imported under subsection (e), if the
7 premises are located in a county where the sale of alcoholic liquor is
8 permitted by law in licensed drinking establishments; and

9 (3) the manufacture of domestic table wine and domestic fortified
10 wine and the storage thereof; provided, that the aggregate quantity of wine
11 produced by the farm winery licensee, including all winery outlets, shall
12 not exceed 100,000 gallons per year.

13 ~~(c) Not less than 30% of the products utilized in the manufacture of~~
14 ~~domestic table wine and domestic fortified wine by a farm winery shall be~~
15 ~~grown in Kansas except when a lesser proportion is authorized by the~~
16 ~~director based upon the director's findings and judgment. The production~~
17 ~~requirement of this subsection shall be determined based on the annual~~
18 ~~production of domestic table wine and domestic fortified wine by the farm~~
19 ~~winery. A farm winery licensee may import wine from outside Kansas for~~
20 ~~use in the production of its domestic table wine and domestic fortified~~
21 ~~wine and shall report such imports on forms prescribed by the director.~~

22 (d) A farm winery or winery outlet may sell domestic wine and
23 domestic fortified wine in the original unopened container to consumers
24 for consumption off the licensed premises at any time between 6 a.m. and
25 12 midnight on any day. If authorized by subsection (a), a farm winery
26 may serve samples of wine manufactured by the licensee and wine
27 imported under subsection (e) and serve and sell domestic wine, domestic
28 fortified wine and other alcoholic liquor for consumption on the licensed
29 premises at any time when a club or drinking establishment is authorized
30 to serve and sell alcoholic liquor. If authorized by subsection (b), a winery
31 outlet may serve samples of domestic wine, domestic fortified wine and
32 wine imported under subsection (e) at any time when the winery outlet is
33 authorized to sell domestic wine and domestic fortified wine.

34 (e) The director may issue to the Kansas state fair or any bona fide
35 group of grape growers or wine makers a permit to import into this state
36 small quantities of wines. Such wine shall be used only for bona fide
37 educational and scientific tasting programs and shall not be resold. Such
38 wine shall not be subject to the tax imposed by K.S.A. 41-501, and
39 amendments thereto. The permit shall identify specifically the brand and
40 type of wine to be imported, the quantity to be imported, the tasting
41 programs for which the wine is to be used and the times and locations of
42 such programs. The secretary shall adopt rules and regulations governing
43 the importation of wine pursuant to this subsection and the conduct of

1 tasting programs for which such wine is imported.

2 (f) A farm winery license or winery outlet license shall apply only to
3 the premises described in the application and in the license issued and only
4 one location shall be described in the license.

5 (g) No farm winery or winery outlet shall:

6 (1) Employ any person under the age of 18 years in connection with
7 the manufacture, sale or serving of any alcoholic liquor;

8 (2) permit any employee of the licensee who is under the age of 21
9 years to work on the licensed premises at any time when not under the on-
10 premise supervision of either the licensee or an employee of the licensee
11 who is 21 years of age or over;

12 (3) employ any person under 21 years of age in connection with
13 mixing or dispensing alcoholic liquor; ~~or~~

14 (4) employ any person in connection with the manufacture or sale of
15 alcoholic liquor if the person has been convicted of a felony; *or*

16 (5) *transfer wine in a bulk container to the premises of a brewery*
17 *pursuant to 26 U.S.C. § 5411 and 27 C.F.R. § 25.23, as in effect on July 1,*
18 *2021.*

19 (h) Whenever a farm winery or winery outlet licensee is convicted of
20 a violation of the Kansas liquor control act, the director may revoke the
21 licensee's license and order forfeiture of all fees paid for the license, after a
22 hearing before the director for that purpose in accordance with the
23 provisions of the Kansas administrative procedure act.

24 (i) *For purposes of this section, the terms in subsections (a)(11)*
25 *through (a)(14) and (g)(5), if not otherwise defined in K.S.A. 41-102, and*
26 *amendments thereto, mean the same as such terms are defined in title 27,*
27 *chapter I, subchapter A of the code of federal regulations, as in effect on*
28 *July 1, 2021.*

29 (j) This section shall be a part of and supplemental to the Kansas
30 liquor control act.

31 Sec. 4. K.S.A. 2020 Supp. 41-308b is hereby amended to read as
32 follows: 41-308b. (a) A microbrewery license shall allow:

33 (1) The manufacture of not less than 100 nor more than 60,000
34 barrels of domestic beer during the calendar year and the storage thereof,
35 if, however, the licensee holds a 10% or greater ownership interest in one
36 or more entities that also hold a microbrewery license, then the aggregate
37 number of barrels of domestic beer manufactured by all such licensees
38 with such common ownership shall not exceed the 60,000 barrel limit;

39 (2) the manufacture in the aggregate of not more than 100,000 gallons
40 of hard cider during the calendar year and the storage thereof;

41 (3) the sale to beer distributors of beer and the sale to wine
42 distributors of hard cider, manufactured by the licensee;

43 (4) the sale, on the licensed premises in the original unopened

1 container to consumers for consumption off the licensed premises, of beer
2 and hard cider manufactured by the licensee;

3 (5) the sale, on the licensed premises in refillable and sealable
4 containers to consumers for consumption off the licensed premises, of beer
5 manufactured by the licensee, subject to the following conditions:

6 (A) Containers described in this paragraph shall contain not less than
7 32 fluid ounces and not more than 64 fluid ounces of beer; and

8 (B) the licensee shall affix a label to all containers sold pursuant to
9 this paragraph clearly indicating the licensee's name and the name and type
10 of beer contained in such container;

11 (6) the serving free of charge on the licensed premises and at special
12 events, monitored and regulated by the division of alcoholic beverage
13 control, of samples of beer and hard cider manufactured by the licensee, if
14 the premises are located in a county where the sale of alcoholic liquor is
15 permitted by law in licensed drinking establishments;

16 (7) if the premises is also licensed as a club or drinking
17 establishment, the sale and transfer of domestic beer to such club or
18 drinking establishment and the sale of domestic beer and other alcoholic
19 liquor for consumption on the licensed premises as authorized by the club
20 and drinking establishment act;

21 (8) if the premises is also licensed as a caterer, the sale of domestic
22 beer and other alcoholic liquor for consumption on unlicensed premises as
23 authorized by the club and drinking establishment act;

24 (9) if the licensee holds a 10% or greater ownership interest in one or
25 more entities that also hold a microbrewery license, the domestic beer may
26 be manufactured and transferred for sale or storage among such
27 microbrewery licensees with such common ownership; and

28 (10) the transfer of beer and hard cider manufactured by the licensee
29 pursuant to a contract entered into in accordance with subsection (b) to the
30 contracting microbrewery.

31 (b) (1) A microbrewery may contract with one or more
32 microbreweries for the purpose of manufacturing beer or hard cider for
33 such other microbreweries. A microbrewery located in this state may
34 manufacture and package beer and hard cider for a microbrewery located
35 within or outside of Kansas.

36 (2) A microbrewery manufacturing beer or hard cider for another
37 microbrewery shall be responsible for complying with all federal and state
38 laws dealing with the manufacturing of beer and hard cider, including
39 labeling laws, and shall be responsible for the payment of all federal and
40 state taxes on the beer and hard cider.

41 (3) Each party engaged in a contract brewing agreement must count
42 the total amount of barrels and gallons manufactured as part of the
43 agreement and include that total amount as part of their allowed aggregate

1 total as provided in subsection (a).

2 ~~(c) Not less than 30% of the products utilized in the manufacture of~~
 3 ~~hard cider by a microbrewery shall be grown in Kansas except when a~~
 4 ~~lesser proportion is authorized by the director based upon the director's~~
 5 ~~findings and judgment. The production requirement of this subsection shall~~
 6 ~~be determined based on the annual production of domestic hard cider.~~

7 ~~(d)~~ Upon application and payment of the fee prescribed by K.S.A. 41-
 8 310, and amendments thereto, by a microbrewery licensee, the director
 9 may issue not to exceed one microbrewery packaging and warehousing
 10 facility license to the microbrewery licensee. A microbrewery packaging
 11 and warehousing facility license shall allow:

12 (1) The transfer, from the licensed premises of the microbrewery to
 13 the licensed premises of the microbrewery packaging and warehousing
 14 facility, of beer and hard cider manufactured by the licensee, for the
 15 purpose of packaging or storage, or both;

16 (2) the transfer, from the licensed premises of the microbrewery
 17 packaging and warehousing facility to the licensed premises of any
 18 microbrewery of such licensee, of beer manufactured by the licensee;

19 (3) the removal from the licensed premises of the microbrewery
 20 packaging and warehousing facility of beer manufactured by the licensee
 21 for the purpose of delivery to a licensed beer wholesaler; and

22 (4) the removal from the licensed premises of the microbrewery
 23 packaging and warehousing facility of hard cider manufactured by the
 24 licensee for the purpose of delivery to a licensed wine distributor.

25 ~~(e)~~*(d)* A microbrewery may sell domestic beer in the original
 26 unopened container to consumers for consumption off the licensed
 27 premises at any time between 6 a.m. and 12 midnight on any day. If
 28 authorized by subsection (a), a microbrewery may serve samples of
 29 domestic beer and serve and sell domestic beer and other alcoholic liquor
 30 for consumption on the licensed premises at any time when a club or
 31 drinking establishment is authorized to serve and sell alcoholic liquor.

32 ~~(f)~~*(e)* The director may issue to the Kansas state fair or any bona fide
 33 group of brewers a permit to import into this state small quantities of beer.
 34 Such beer shall be used only for bona fide educational and scientific
 35 tasting programs and shall not be resold. Such beer shall not be subject to
 36 the tax imposed by K.S.A. 41-501, and amendments thereto. The permit
 37 shall identify specifically the brand and type of beer to be imported, the
 38 quantity to be imported, the tasting programs for which the beer is to be
 39 used and the times and locations of such programs. The secretary shall
 40 adopt rules and regulations governing the importation of beer pursuant to
 41 this subsection and the conduct of tasting programs for which such beer is
 42 imported.

43 ~~(g)~~*(f)* A microbrewery license or microbrewery packaging and

1 warehousing facility license shall apply only to the premises described in
2 the application and in the license issued and only one location shall be
3 described in the license.

4 ~~(f)~~(g) No microbrewery shall:

5 (1) Employ any person under the age of 18 years in connection with
6 the manufacture, sale or serving of any alcoholic liquor;

7 (2) permit any employee of the licensee who is under the age of 21
8 years to work on the licensed premises at any time when not under the on-
9 premises supervision of either the licensee or an employee of the licensee
10 who is 21 years of age or over;

11 (3) employ any person under 21 years of age in connection with
12 mixing or dispensing alcoholic liquor; or

13 (4) employ any person in connection with the manufacture or sale of
14 alcoholic liquor if the person has been convicted of a felony.

15 ~~(g)~~(h) Whenever a microbrewery licensee is convicted of a violation
16 of the Kansas liquor control act, the director may revoke the licensee's
17 license and all fees paid for the license in accordance with the Kansas
18 administrative procedure act.

19 Sec. 5. K.S.A. 2020 Supp. 41-311 is hereby amended to read as
20 follows: 41-311. (a) No license of any kind shall be issued pursuant to the
21 liquor control act to a person:

22 (1) Who is not a citizen of the United States;

23 (2) who has been convicted of a felony under the laws of this state,
24 any other state or the United States;

25 (3) who has had a license revoked for cause under the provisions of
26 the liquor control act, the beer and cereal malt beverage keg registration
27 act or who has had any license issued under the cereal malt beverage laws
28 of any state revoked for cause except that a license may be issued to a
29 person whose license was revoked for the conviction of a misdemeanor at
30 any time after the lapse of 10 years following the date of the revocation;

31 (4) who has been convicted of being the keeper or is keeping any
32 property, whether real or personal, where sexual relations are being sold or
33 offered for sale by a person who is 18 years of age or older or has forfeited
34 bond to appear in court to answer charges of being a keeper of any
35 property, whether real or personal, where sexual relations are being sold or
36 offered for sale by a person who is 18 years of age or older;

37 (5) who has been convicted of being a proprietor of a gambling
38 house, pandering or any other crime opposed to decency and morality or
39 has forfeited bond to appear in court to answer charges for any of those
40 crimes;

41 (6) who is not at least 21 years of age;

42 (7) who, other than as a member of the governing body of a city or
43 county, appoints or supervises any law enforcement officer, who is a law

- 1 enforcement official or who is an employee of the director;
- 2 (8) who intends to carry on the business authorized by the license as
3 agent of another;
- 4 (9) who at the time of application for renewal of any license issued
5 under this act would not be eligible for the license upon a first application,
6 except as provided by subsection (a)(12);
- 7 (10) who is the holder of a valid and existing license issued under
8 article 27 of chapter 41 of the Kansas Statutes Annotated, and amendments
9 thereto, unless the person agrees to and does surrender the license to the
10 officer issuing the same upon the issuance to the person of a license under
11 this act, except that a retailer licensed pursuant to K.S.A. 41-2702, and
12 amendments thereto, shall be eligible to receive a retailer's license under
13 the Kansas liquor control act;
- 14 (11) who does not own the premises for which a license is sought, or
15 does not, at the time of application, have a written lease thereon;
- 16 (12) whose spouse would be ineligible to receive a license under this
17 act for any reason other than citizenship, residence requirements or age,
18 except that this ~~subsection (a)(12)~~ *paragraph* shall not apply in
19 determining eligibility for a renewal license;
- 20 (13) whose spouse has been convicted of a felony or other crime
21 ~~which~~ *that* would disqualify a person from licensure under this section and
22 such felony or other crime was committed during the time that the spouse
23 held a license under this act;
- 24 (14) who does not provide any data or information required by
25 K.S.A. 2020 Supp. 41-311b, and amendments thereto; or
- 26 (15) who, after a hearing before the director, has been found to have
27 held an undisclosed beneficial interest in any license issued pursuant to the
28 liquor control act ~~which~~ *that* was obtained by means of fraud or any false
29 statement made on the application for such license.
- 30 (b) No retailer's license shall be issued to:
- 31 (1) ~~A person who is not a resident of this state;~~
- 32 (2) ~~a person who has not been a resident of this state for at least four~~
33 ~~years immediately preceding the date of application;~~
- 34 (3) A person who has a beneficial interest in a manufacturer,
35 distributor, farm winery or microbrewery licensed under this act, except
36 that the spouse of an applicant for a retailer's license may own and hold a
37 farm winery license, microbrewery license, or both, if the spouse does not
38 hold a retailer's license issued under this act;
- 39 (4) ~~(2)~~ a person who has a beneficial interest in any other retail
40 establishment licensed under this act, except that the spouse of a licensee
41 may own and hold a retailer's license for another retail establishment;
- 42 (5) ~~(3)~~ a copartnership, unless all of the copartners are qualified to
43 obtain a license;

1 ~~(6)~~(4) a corporation; or

2 ~~(7)~~(5) a trust, if any grantor, beneficiary or trustee would be ineligible
3 to receive a license under this act for any reason, except that the provisions
4 of subsection (a)(6) shall not apply in determining whether a beneficiary
5 would be eligible for a license.

6 (c) No manufacturer's license shall be issued to:

7 (1) A corporation, if any officer or director thereof, or any
8 stockholder owning in the aggregate more than 25% of the stock of the
9 corporation would be ineligible to receive a manufacturer's license for any
10 reason other than citizenship ~~and residence~~ requirements;

11 (2) a copartnership, unless all of the copartners ~~shall have been~~
12 ~~residents of this state for at least five years immediately preceding the date~~
13 ~~of application and unless all the members of the copartnership would be~~
14 *individually* eligible to receive a manufacturer's license under this act;

15 (3) a trust, if any grantor, beneficiary or trustee would be ineligible to
16 receive a license under this act for any reason, except that the provisions of
17 subsection (a)(6) shall not apply in determining whether a beneficiary
18 would be eligible for a license; *or*

19 ~~(4) an individual who is not a resident of this state;~~

20 ~~(5) an individual who has not been a resident of this state for at least~~
21 ~~five years immediately preceding the date of application; or~~

22 (6) a person who has a beneficial interest in a distributor, retailer,
23 farm winery or microbrewery licensed under this act, except as provided in
24 K.S.A. 41-305, and amendments thereto.

25 (d) No distributor's license shall be issued to:

26 (1) A corporation, if any officer, director or stockholder of the
27 corporation would be ineligible to receive a distributor's license for any
28 reason. It shall be unlawful for any stockholder of a corporation licensed
29 as a distributor to transfer any stock in the corporation to any person who
30 would be ineligible to receive a distributor's license for any reason, and
31 any such transfer shall be null and void, except that: (A) If any stockholder
32 owning stock in the corporation dies and an heir or devisee to whom stock
33 of the corporation descends by descent and distribution or by will is
34 ineligible to receive a distributor's license, the legal representatives of the
35 deceased stockholder's estate and the ineligible heir or devisee shall have
36 14 months from the date of the death of the stockholder within which to
37 sell the stock to a person eligible to receive a distributor's license, any such
38 sale by a legal representative to be made in accordance with the provisions
39 of the probate code; or (B) if the stock in any such corporation is the
40 subject of any trust and any trustee or beneficiary of the trust who is 21
41 years of age or older is ineligible to receive a distributor's license, the
42 trustee, within 14 months after the effective date of the trust, shall sell the
43 stock to a person eligible to receive a distributor's license and hold and

1 disburse the proceeds in accordance with the terms of the trust. If any legal
2 representatives, heirs, devisees or trustees fail, refuse or neglect to sell any
3 stock as required by this subsection, the stock shall revert to and become
4 the property of the corporation, and the corporation shall pay to the legal
5 representatives, heirs, devisees or trustees the book value of the stock.
6 During the period of 14 months prescribed by this subsection, the
7 corporation shall not be denied a distributor's license or have its
8 distributor's license revoked if the corporation meets all of the other
9 requirements necessary to have a distributor's license;

10 (2) a copartnership, unless all of the copartners are eligible to receive
11 a distributor's license;

12 (3) a trust, if any grantor, beneficiary or trustee would be ineligible to
13 receive a license under this act for any reason, except that the provisions of
14 subsection (a)(6) shall not apply in determining whether a beneficiary
15 would be eligible for a license; or

16 (4) a person who has a beneficial interest in a manufacturer, retailer,
17 farm winery or microbrewery licensed under this act.

18 (e) No nonbeverage user's license shall be issued to a corporation, if
19 any officer, manager or director of the corporation or any stockholder
20 owning in the aggregate more than 25% of the stock of the corporation
21 would be ineligible to receive a nonbeverage user's license for any reason
22 other than citizenship and residence requirements.

23 (f) No microbrewery license, microdistillery license or farm winery
24 license shall be issued to a:

25 (1) ~~Person who is not a resident of this state;~~

26 (2) Person who has a beneficial interest in a manufacturer or
27 distributor licensed under this act, except as provided in K.S.A. 41-305,
28 and amendments thereto;

29 (3) ~~person, copartnership or association~~ ~~which~~ *that* has a beneficial
30 interest in any retailer licensed under this act or under K.S.A. 41-2702, and
31 amendments thereto, except that the spouse of an applicant for a
32 microbrewery or farm winery license may own and hold a retailer's license
33 if the spouse does not hold a microbrewery or farm winery license issued
34 under this act;

35 (4) ~~3) copartnership, unless all of the copartners are qualified to~~
36 obtain a license;

37 (5) ~~4) corporation, unless stockholders owning in the aggregate 50%~~
38 or more of the stock of the corporation would be eligible to receive such
39 license and all other stockholders would be eligible to receive such license
40 except for reason of citizenship or residency; or

41 (6) ~~5) a trust, if any grantor, beneficiary or trustee would be ineligible~~
42 to receive a license under this act for any reason, except that the provisions
43 of subsection (a)(6) shall not apply in determining whether a beneficiary

1 would be eligible for a license.

2 (g) ~~The provisions of subsections (b)(1), (b)(2), (c)(3), (c)(4), (d)(3),~~
 3 ~~(f)(1) and K.S.A. 2020 Supp. 41-311b, and amendments thereto, shall not~~
 4 ~~apply in determining eligibility for the 10th, or a subsequent, consecutive~~
 5 ~~renewal of a license.~~ If the applicant *is not a Kansas resident, no license*
 6 *shall be issued until the applicant* has appointed a citizen of the United
 7 States who is a resident of Kansas as the applicant's agent and filed with
 8 the director a duly authenticated copy of a duly executed power of
 9 attorney, authorizing the agent to accept service of process from the
 10 director and the courts of this state and to exercise full authority, control
 11 and responsibility for the conduct of all business and transactions within
 12 the state relative to alcoholic liquor and the business licensed. The agent
 13 must be satisfactory to and approved by the director, except that the
 14 director shall not approve as an agent any person who:

15 (1) Has been convicted of a felony under the laws of this state, any
 16 other state or the United States;

17 (2) has had a license issued under the alcoholic liquor or cereal malt
 18 beverage laws of this or any other state revoked for cause, except that a
 19 person may be appointed as an agent if the person's license was revoked
 20 for the conviction of a misdemeanor and 10 years have lapsed since the
 21 date of the revocation;

22 (3) has been convicted of being the keeper or is keeping any property,
 23 whether real or personal, where sexual relations are being sold or offered
 24 for sale by a person who is 18 years of age or older or has forfeited bond to
 25 appear in court to answer charges of being a keeper of any property,
 26 whether real or personal, where sexual relations are being sold or offered
 27 for sale by a person who is 18 years of age or older;

28 (4) has been convicted of being a proprietor of a gambling house,
 29 pandering or any other crime opposed to decency and morality or has
 30 forfeited bond to appear in court to answer charges for any of those
 31 crimes; or

32 (5) is less than 21 years of age.

33 Sec. 6. K.S.A. 2020 Supp. 41-311b is hereby amended to read as
 34 follows: 41-311b. (a) If an applicant for licensure is not a resident of the
 35 state of Kansas on the date of submission of such application ~~or has not~~
 36 ~~been a resident for at least one year immediately preceding the date of~~
 37 ~~submission of such application,~~ the director ~~shall~~ *may* require the
 38 individual applicant, or if the applicant is a corporation, partnership or
 39 trust, each individual officer, director, stockholder, copartner or trustee to:

40 (1) Submit to a national criminal history record check and provide the
 41 director with a legible set of fingerprints;

42 (2) disclose to the director any substantial financial interest the
 43 applicant owns in any entity that receives proceeds from the sale of

1 alcoholic beverages; and

2 (3) submit a release allowing the director to have access to and
3 review of the applicant's financial records to verify ownership and to
4 ensure applicant is not an agent of another person. This release shall
5 remain in effect after the license has been issued until the license is
6 canceled or revoked.

7 (b) The director shall submit the fingerprints provided under
8 subsection (a) to the Kansas bureau of investigation and to the federal
9 bureau of investigation and receive a reply to enable the director to verify
10 the identity of such applicant or such individuals specified in subsection
11 (a) and whether such applicant or such individuals have been convicted of
12 any crimes that would disqualify the applicant or such individuals from
13 holding a license under the liquor control act. The director is authorized to
14 use the information obtained from the national criminal history record
15 check to determine such applicant's or individual's eligibility to hold a
16 license under the liquor control act.

17 (c) All costs incurred pursuant to this section to ensure that the
18 applicant is qualified for licensure shall be paid by the applicant.

19 Sec. 7. K.S.A. 2020 Supp. 41-350 is hereby amended to read as
20 follows: 41-350. (a) For the purposes of this act, the term "winery" means
21 any maker or producer of wine whether in this state or in any other state,
22 who holds a valid federal basic wine manufacturing permit. The terms
23 "director" and "secretary" have the meaning ascribed to these terms in
24 K.S.A. 41-102, and amendments thereto.

25 (b) Any winery may be authorized to make direct shipments of wine
26 to consumers in this state upon obtaining a special order shipping license
27 from the secretary pursuant to this act.

28 (1) A special order shipping license shall only be issued to a winery
29 upon compliance with all applicable provisions of this act and the
30 regulations promulgated pursuant to this act, and upon payment of a
31 license fee in the amount of \$100. The license term for a special order
32 shipping license shall commence on the date ~~the license is issued by the~~
33 ~~director~~ *specified on the license* and shall end two years after that date.

34 (2) A special order shipping license shall entitle the winery to ship
35 wine upon order directly to consumers for personal or household use in
36 this state. The purchaser shall pay the purchase price and all shipping costs
37 directly to the permit holder. Enforcement taxes collected herein shall be
38 paid solely on the purchase price and not on the shipping costs.

39 (c) No holder of a special order shipping license shall be permitted to
40 ship in excess of 12 standard cases of wine of one brand or a combination
41 of brands into this state to any one consumer or address per calendar year.

42 (d) (1) Before accepting an order from a consumer in this state, the
43 holder of a special order shipping license shall require that the person

1 placing the order to state affirmatively that he or she is 21 years of age or
2 older and shall verify the age of such person placing the order either by the
3 physical examination of an approved government issued form of
4 identification or by utilizing an internet based age and identification
5 service approved by the director of alcoholic beverage control, or the
6 director's designee.

7 (2) Every shipment of wine by the holder of a special order shipping
8 license shall be clearly marked 'Alcoholic Beverages, Adult Signature
9 Required' and the carrier delivering such shipment shall be responsible for
10 obtaining the signature of an adult who is at least 21 years of age as a
11 condition of delivery.

12 (e) A special order shipping license shall not authorize the shipment
13 of any wine to any premises licensed to sell alcoholic beverages pursuant
14 to this act or the club and drinking establishment act.

15 (f) The failure to comply strictly with the requirements of this act and
16 rules and regulations promulgated pursuant to this act shall be grounds for
17 the revocation of a special order shipping license or other disciplinary
18 action by the director. After notice and an opportunity for hearing in
19 accordance with the provisions of the Kansas administrative procedure act,
20 the director may refuse to issue or renew or may revoke a shipping permit
21 upon a finding that the permit holder has failed to comply with any
22 provision of this section or K.S.A. 41-501 et seq., and amendments
23 thereto, or any rules and regulations adopted pursuant to such statutes.
24 Upon revocation of a special order shipping license for shipment of wine
25 to a person not of legal age as required herein such winery shall not be
26 issued any special order shipping license pursuant to this act for a period
27 of one year from the date of revocation.

28 (g) The holder of a special order shipping license shall collect all
29 gallonage taxes imposed by K.S.A. 41-501 et seq., and amendments
30 thereto, shall *on a quarterly basis electronically* remit such taxes ~~annually~~
31 in a manner prescribed by the secretary and shall accompany such
32 remittance with ~~such any~~ reports, documentation ~~and or~~ other information
33 as may be required by the secretary. In addition, an applicant for and a
34 holder of a special order shipping license, as a condition of receiving and
35 holding a valid license, shall:

36 (1) Collect and pay the applicable Kansas enforcement tax on each
37 sale shipped to a consumer in Kansas imposed by K.S.A. 79-4101 et seq.,
38 and amendments thereto;

39 (2) accompany each remittance with such sales tax reports,
40 documentation and other information as may be required by the director of
41 taxation; and

42 (3) if the holder of the license is an out-of-state shipper, the licensee
43 shall be deemed to have appointed the secretary of state as the resident

1 agent and representative of the licensee to accept service of process from
 2 the secretary of revenue, the director and the courts of this state concerning
 3 enforcement of this section, K.S.A. 41-501 et seq., and amendments
 4 thereto, and any related laws and rules and regulations and to accept
 5 service of any notice or order provided for in the liquor control act.

6 (h) The secretary of revenue may adopt rules and regulations to
 7 implement, administer and enforce the provisions of this section.

8 (i) This section shall be a part of and supplemental to the Kansas
 9 liquor control act.

10 Sec. 8. K.S.A. 2020 Supp. 41-352 is hereby amended to read as
 11 follows: 41-352. (a) Any manufacturer or supplier of alcoholic liquor or
 12 cereal malt beverage, whether licensed in this state or any other state, *or a*
 13 *holder of a distilled spirits plant permit issued by the alcohol and tobacco*
 14 *tax and trade bureau of the United States department of treasury* may
 15 apply for an annual packaging and warehousing facility permit. The
 16 application shall be on a form prescribed by the director and shall include
 17 all information the director deems necessary.

18 (b) A packaging and warehousing facility permit shall allow *the*:

19 (1) ~~The~~ Transfer of alcoholic liquor or cereal malt beverage to the
 20 licensed premises of a packaging and warehousing facility for the purpose
 21 of packaging or storage, or both;

22 (2) ~~the~~ sale and transfer from the licensed premises of a packaging
 23 and warehousing facility to the licensed premises of a spirits, wine or beer
 24 distributor licensed in Kansas or to a Kansas supplier; ~~and~~

25 (3) ~~the~~ transfer from the licensed premises of a packaging and
 26 warehousing facility to another state; *and*

27 (4) *receipt and transfer of alcoholic liquor in a bulk container from*
 28 *any manufacturer; supplier; farm winery, microbrewery or microdistillery*
 29 *of alcoholic liquor or cereal malt beverage, whether licensed in this state*
 30 *or any other state, for purposes of packaging in cans or bottles.*

31 (c) The annual fee for a packaging and warehousing facility permit
 32 shall be \$2,500.

33 (d) Each brand and label of alcoholic liquor or cereal malt beverage
 34 that is intended for sale to distributors in Kansas and is transported,
 35 packaged or stored at a licensed packaging and warehousing facility must
 36 be registered in accordance with the provisions of K.S.A. 41-331, and
 37 amendments thereto.

38 (e) The tax imposed pursuant to K.S.A. 41-501, and amendments
 39 thereto, shall be paid on alcoholic liquor or cereal malt beverage imported
 40 into this state under a packaging and warehousing facility permit only if
 41 the alcoholic liquor or cereal malt beverage is sold to a distributor for sale
 42 at wholesale in this state and shall be paid by the distributor who purchases
 43 the alcoholic liquor or cereal malt beverage for sale at wholesale.

1 (f) *For purposes of this section, the terms in subsections (a) and (b)*
2 *(4), if not otherwise defined in K.S.A. 41-102, and amendments thereto,*
3 *mean the same as such terms are defined in title 27, chapter I, subchapter*
4 *A of the code of federal regulations, as in effect on July 1, 2021.*

5 (g) This section shall be a part of and supplemental to the Kansas
6 liquor control act.

7 Sec. 9. K.S.A. 2020 Supp. 41-2623 is hereby amended to read as
8 follows: 41-2623. (a) No license shall be issued under the provisions of
9 this act to:

10 (1) Any person described in K.S.A. 41-311(a)(1), (2), (4), (5), (6),
11 (7), (8), (9), (12), (13) or (15), and amendments thereto, except that the
12 provisions of ~~subsection (a)(7) of such section K.S.A. 41-311(a)(7), and~~
13 *amendments thereto*, shall not apply to nor prohibit the issuance of a
14 license for a class A club to an officer of a post home of a congressionally
15 chartered service or fraternal organization, or a benevolent association or
16 society thereof.

17 (2) A person who has had the person's license revoked for cause
18 under the provisions of this act.

19 ~~(3) A person who has not been a resident of this state for a period of~~
20 ~~at least one year immediately preceding the date of application.~~

21 ~~(4)~~ A person who has a beneficial interest in the manufacture,
22 preparation or wholesaling or the retail sale of alcoholic liquors or a
23 beneficial interest in any other club, drinking establishment or caterer
24 licensed hereunder, except that:

25 (A) A license for premises located in a hotel may be granted to a
26 person who has a beneficial interest in one or more other clubs or drinking
27 establishments licensed hereunder if such other clubs or establishments are
28 located in hotels.

29 (B) A license for a club or drinking establishment ~~which~~ *that* is a
30 restaurant may be issued to a person who has a beneficial interest in other
31 clubs or drinking establishments ~~which~~ *that* are restaurants.

32 (C) A caterer's license may be issued to a person who has a beneficial
33 interest in a club or drinking establishment and a license for a club or
34 drinking establishment may be issued to a person who has a beneficial
35 interest in a caterer.

36 (D) A license for a class A club may be granted to an organization of
37 which an officer, director or board member is a distributor or retailer
38 licensed under the liquor control act if such distributor or retailer sells no
39 alcoholic liquor to such club.

40 (E) Any person who has a beneficial interest in a microbrewery,
41 microdistillery or farm winery licensed pursuant to the Kansas liquor
42 control act may be issued any or all of the following: (1) Class B club
43 license; (2) drinking establishment license; and (3) caterer's license.

1 (F) *Any person who has a beneficial interest in a manufacturer*
 2 *licensed pursuant to the Kansas liquor control act may be issued one*
 3 *drinking establishment license.*

4 ~~(5)(4)~~ A copartnership, unless all of the copartners are qualified to
 5 obtain a license.

6 ~~(6)(5)~~ A corporation, if any officer, manager or director thereof, or
 7 any stockholder owning in the aggregate more than 5% of the common or
 8 preferred stock of such corporation would be ineligible to receive a license
 9 hereunder for any reason other than citizenship ~~and residence~~
 10 requirements.

11 ~~(7)(6)~~ A corporation, if any officer, manager or director thereof, or
 12 any stockholder owning in the aggregate more than 5% of the common or
 13 preferred stock of such corporation, has been an officer, manager or
 14 director, or a stockholder owning in the aggregate more than 5% of the
 15 common or preferred stock, of a corporation ~~which that~~:

16 (A) Has had a license revoked under the provisions of the club and
 17 drinking establishment act; or

18 (B) has been convicted of a violation of the club and drinking
 19 establishment act or the cereal malt beverage laws of this state.

20 ~~(8)~~ ~~A corporation organized under the laws of any state other than this~~
 21 ~~state.~~

22 ~~(9)(7)~~ A trust, if any grantor, beneficiary or trustee would be
 23 ineligible to receive a license under this act for any reason, except that the
 24 provisions of K.S.A. 41-311(a)(6), and amendments thereto, shall not
 25 apply in determining whether a beneficiary would be eligible for a license.

26 (b) No club or drinking establishment license shall be issued under
 27 the provisions of the club and drinking establishment act to: ~~(1)~~ a person
 28 who does not own the premises for which a license is sought, or does not,
 29 at the time the application is submitted, have a written lease thereon,
 30 except that an applicant seeking a license for a premises ~~which that~~ is
 31 owned by a city or county, or is a stadium, arena, convention center,
 32 theater, museum, amphitheater or other similar premises may submit an
 33 executed agreement to provide alcoholic beverage services at the premises
 34 listed in the application in lieu of a lease.

35 ~~(2)~~ ~~A person who is not a resident of the county in which the~~
 36 ~~premises sought to be licensed are located.~~

37 Sec. 10. K.S.A. 41-2632 is hereby amended to read as follows: 41-
 38 2632. (a) As used in this section:

39 (1) ~~The word~~ "Distributor" means a person, firm, association or
 40 corporation ~~which that~~ is the holder of an alcoholic liquor distributor's
 41 license issued under the Kansas liquor control act;

42 (2) ~~the word~~ "retailer" means a person, copartnership or association
 43 ~~which that~~ is the holder of a retailer's license issued under the Kansas

1 liquor control act; and

2 (3) ~~the word "manufacturer" shall have the meaning ascribed to it by~~
3 *means the same as such term is defined in K.S.A. 41-102, and*
4 *amendments thereto.*

5 (b) It shall be unlawful for a distributor of alcoholic liquor, or a
6 manufacturer, or any officer, agent or employee thereof, to influence,
7 coerce or induce or attempt to influence, coerce or induce, either directly
8 or indirectly, any holder of a license issued under this act, or any officer,
9 agent or employee of the holder of such a license, to: (1) Purchase any
10 particular brand or kind of alcoholic liquor to be dispensed by the licensee,
11 except that a distributor or manufacturer may provide to a licensee
12 information regarding the availability of brands in the market and things of
13 value as authorized by ~~subsection (d) of K.S.A. 41-703(d), and~~
14 *amendments thereto; or (2) purchase from a particular retailer alcoholic*
15 *liquor to be dispensed by the licensee.*

16 (c) Violation of this section is a misdemeanor punishable by a fine of
17 not less than \$100 nor more than \$1,000 or by imprisonment for not more
18 than six months, or by both.

19 (d) *The provisions of this section shall not apply to any manufacturer*
20 *who holds a drinking establishment license with respect to purchases*
21 *made by such drinking establishment.*

22 Sec. 11. K.S.A. 2020 Supp. 41-2642 is hereby amended to read as
23 follows: 41-2642. (a) A license for a drinking establishment shall allow the
24 licensee to offer for sale, sell and serve alcoholic liquor for consumption
25 on the licensed premises which may be open to the public, and to serve
26 samples of alcoholic liquor free of charge on licensed premises subject to
27 the requirements of subsection (c), but only if such premises are located in
28 a county where the qualified electors of the county:

29 (1) (A) Approved, by a majority vote of those voting thereon, the
30 proposition to amend section 10 of article 15 of the constitution of the state
31 of Kansas at the general election in November 1986; or (B) have approved
32 a proposition to allow sales of alcoholic liquor by the individual drink in
33 public places within the county at an election pursuant to K.S.A. 41-2646,
34 and amendments thereto; and

35 (2) have not approved a proposition to prohibit such sales of alcoholic
36 liquor in such places at a subsequent election pursuant to K.S.A. 41-2646,
37 and amendments thereto.

38 (b) A drinking establishment shall be required to derive from sales of
39 food for consumption on the licensed premises not less than 30% of all the
40 establishment's gross receipts from sales of food and beverages on such
41 premises unless the licensed premises are located in a county where the
42 qualified electors of the county:

43 (1) Have approved, at an election pursuant to K.S.A. 41-2646, and

1 amendments thereto, a proposition to allow sales of alcoholic liquor by the
2 individual drink in public places within the county without a requirement
3 that any portion of their gross receipts be derived from the sale of food;
4 and

5 (2) have not approved a proposition to prohibit such sales of alcoholic
6 liquor in such places at a subsequent election pursuant to K.S.A. 41-2646,
7 and amendments thereto.

8 (c) No charge of any sort may be made for a sample serving. Samples
9 may not be served to a minor. No samples may be removed from the
10 licensed premises. Providing samples is prohibited for any licensee who
11 charges a cover charge or entry fee at any time during the business day. No
12 consideration shall be requested or required for entry onto the premises,
13 participation in any event taking place on the premises or to remain on the
14 premises.

15 (d) (1) A drinking establishment shall specify in the application for a
16 license or renewal of a license the premises to be licensed, which may
17 include all premises ~~which~~ that are in close proximity and are under the
18 control of the applicant or licensee.

19 (2) *If the drinking establishment licensee also holds a manufacturer's*
20 *license issued under the Kansas liquor control act, the licensed premises*
21 *specified in the drinking establishment license shall not be the same as the*
22 *licensed premises specified in the manufacturer's license, but such*
23 *specified premises shall be located not more than two miles by the usually*
24 *traveled road from the licensed premises specified in the manufacturer's*
25 *license.*

26 (e) Notwithstanding any other provision of law to the contrary, any
27 hotel of which the entire premises are licensed as a drinking establishment
28 or as a drinking establishment caterer may sell alcoholic liquor or cereal
29 malt beverage by means of minibars located in guest rooms of such hotel,
30 subject to the following:

31 (1) The key, magnetic card or other device required to attain access to
32 a minibar in a guest room shall be provided only to guests who are
33 registered to stay in such room and who are 21 or more years of age;

34 (2) containers or packages of spirits or wine sold by means of a
35 minibar shall hold not less than 50 nor more than 200 milliliters; and

36 (3) a minibar shall be restocked with alcoholic liquor or cereal malt
37 beverage only during hours when the hotel is permitted to sell alcoholic
38 liquor and cereal malt beverage as a drinking establishment.

39 (f) A drinking establishment may store on its premises wine sold to a
40 customer for consumption at a later date on its premises in the unopened
41 container. Such wine must be kept separate from all other alcohol stock
42 and in a secure locked area separated by customer. Such wine shall not be
43 removed from the licensed premises in its unopened condition.

1 (g) *If the drinking establishment licensee also holds a manufacturer's*
 2 *license issued under the Kansas liquor control act, the drinking*
 3 *establishment shall not sell alcoholic liquor manufactured by such*
 4 *manufacturer's licensee to the exclusion of other alcoholic liquor. All beer*
 5 *and cereal malt beverage sold by the drinking establishment shall be*
 6 *acquired from a distributor or retailer licensed under the Kansas liquor*
 7 *control act, and all wine and spirits sold by the drinking establishment*
 8 *shall be acquired from a retailer or farm winery licensed under the Kansas*
 9 *liquor control act and who possesses a federal wholesaler's basic permit.*

10 Sec. 12. K.S.A. 2020 Supp. 41-2703 is hereby amended to read as
 11 follows: 41-2703. (a) After examination of an application for a retailer's
 12 license, the board of county commissioners or the director shall, if they
 13 approve the same, issue a license to the applicant. The governing body of
 14 the city shall, if the applicant is qualified as provided by law, issue a
 15 license to such applicant.

16 (b) No retailer's license shall be issued to:

17 (1) ~~A person who is not a resident of the county in which the place of~~
 18 ~~business covered by the license is located, has not been a resident of such~~
 19 ~~county for at least six months or has not been a resident in good faith of~~
 20 ~~the state of Kansas.~~

21 (2) ~~A person who has not been a resident of this state for at least one~~
 22 ~~year immediately preceding application for a retailer's license.~~

23 (3) A person who is not of good character and reputation in the
 24 community in which the person resides.

25 (4) A person who is not a citizen of the United States.

26 (5) A person who, within two years immediately preceding the
 27 date of application approval, has been convicted of, released from
 28 incarceration for or released from probation or parole for a felony or any
 29 crime involving moral turpitude, drunkenness, driving a motor vehicle
 30 while under the influence of intoxicating liquor or violation of any other
 31 intoxicating liquor law of any state or of the United States.

32 (6) A partnership, unless all the members of the partnership are
 33 otherwise qualified to obtain a license.

34 (7) A corporation, if any manager, officer or director thereof, or
 35 any stockholder owning in the aggregate more than 25% of the stock of
 36 such corporation, would be ineligible to receive a license hereunder for
 37 any reason other than the citizenship and residency requirements.

38 (8) A person whose place of business is conducted by a manager or
 39 agent unless the manager or agent possesses all the qualifications of a
 40 licensee.

41 (9) A person whose spouse would be ineligible to receive a
 42 retailer's license for any reason other than citizenship, ~~residence~~
 43 requirements or age, except that this subsection (b)(9) *paragraph* shall not

1 apply in determining eligibility for a renewal license.

2 ~~(10)~~(8) A person whose spouse has been convicted of a felony or
3 other crime ~~which~~ *that* would disqualify a person from licensure under this
4 section and such felony or other crime was committed during the time that
5 the spouse held a license under this act.

6 (c) After examination of an application for a retailer's license, the
7 board of county commissioners or the governing body of a city may deny a
8 license to a person, partnership or corporation if any manager, officer or
9 director thereof, or any stockholder owning in the aggregate more than
10 25% of the stock of such corporation, has been an officer, manager,
11 director or a stockholder owning in the aggregate more than 25% of the
12 stock, of a corporation ~~which~~ *that* has:

13 (1) Had a retailer's license revoked under K.S.A. 41-2708, and
14 amendments thereto; or

15 (2) been convicted of a violation of the club and drinking
16 establishment act or the cereal malt beverage laws of this state.

17 (d) Retailers' licenses shall be issued either on an annual basis or for
18 the calendar year. If such licenses are issued on an annual basis, the board
19 of county commissioners or the governing body of the city shall notify the
20 distributors supplying the county or city on or before April 1 of the year if
21 a retailer's license is not renewed.

22 (e) In addition to, and consistent with the requirements of K.S.A. 41-
23 2701 et seq., and amendments thereto, the board of county commissioners
24 of any county or the governing body of any city may provide by resolution
25 or ordinance for the issuance of a special event retailers' permit ~~which~~ *that*
26 shall allow the permit holder to offer for sale, sell and serve cereal malt
27 beverage for consumption on unpermitted premises, ~~which~~ *that* may be
28 open to the public, subject to the following:

29 (1) A special event retailers' permit shall specify the premises for
30 which the permit is issued;

31 (2) a special event retailers' permit shall be issued for the duration of
32 the special event, the dates and hours of which shall be specified in the
33 permit;

34 (3) no more than four special event retailers' permits may be issued to
35 any one applicant in a calendar year; and

36 (4) a special event retailers' permit shall not be transferable or
37 assignable.

38 (f) A special event retailers' permit holder shall not be subject to the
39 provisions of the beer and cereal malt beverage keg registration act, K.S.A.
40 41-2901 et seq., and amendments thereto.

41 Sec. 13. K.S.A. 41-2632 and K.S.A. 2020 Supp. 41-102, 41-308a, 41-
42 308b, 41-311, 41-311b, 41-350, 41-352, 41-2623, 41-2642 and 41-2703
43 are hereby repealed.

1 Sec. 14. This act shall take effect and be in force from and after its
2 publication in the statute book.