

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2133

As Amended by Senate Committee on Federal
and State Affairs

Brief*

HB 2133, as amended, creates law related to delivery of alcoholic liquors within the state and required reporting of such deliveries.

The bill would require every express company or other common carrier (carrier) that delivers alcoholic liquors from outside the state to consumers within the state to prepare a monthly report of known alcoholic liquors shipped by the carrier to be filed with the Director of Alcoholic Beverage Control (Director).

Such report would be required to contain the following information:

- The name of the express company or other common carrier that delivered the liquors;
- The period of time covered by the report;
- The name and business address of the consignor of the liquors;
- The weight of the package delivered to each consignee;
- A unique tracking number; and
- The date of delivery.

*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>

Upon request by the Director, any additional records supporting the report would be required to be made available to the Director by any carrier. The bill would require such records be kept and preserved for a period of two years unless destruction of the records is authorized in writing by the Director.

The bill would impose a penalty of not more than \$500 upon any carrier that willingly fails, neglects, or refuses to file any report required by the bill.

The bill would further provide each report would be an open record available for public inspection in accordance with the Kansas Open Records Act. The bill would prohibit the inclusion of the name and business address of the consignor of such alcoholic liquors in reports made available to the public. Under the bill, the provisions concerning the exclusion of certain information in reports made available to the public would expire on July 1, 2024, unless the Legislature reenacts such provisions.

Background

The bill was introduced by the House Committee on Taxation at the request of the Kansas Wine & Spirits Wholesalers Association.

In the House Committee on Federal and State Affairs hearing, proponent testimony was presented by the Director and a representative of the Kansas Wine & Spirits Wholesalers Association (KWSWA). Written-only proponent testimony was provided by the Kansas Association of Beverage Retailers (KABR) and the Kansas Beer Wholesalers Association (KBWA). The proponents testified the intent of the bill was to enforce liquor gallonage taxes in the state and to provide information regarding the amount of alcoholic liquor shipped into the state directly to consumers.

No other testimony was provided.

The House Committee amended the bill to specify required reports would concern known alcoholic liquors shipped by the carrier and penalties would be assessed against carriers who willfully failed, neglected, or refused to file a report. The House Committee also amended the bill to remove references to railroad carriers.

In the Senate Committee on Federal and State Affairs hearing, a representative of KABR, a representative of KWSWA, and the Director provided proponent testimony. The proponents testified the bill would help identify bad actors and bring them into compliance, which could increase the amount of taxes the State could collect on the shipments of alcoholic liquors.

Written-only proponent testimony was provided by a representative of the KBWA.

No other testimony was provided.

The Senate Committee amended the bill by prohibiting the inclusion of the name and business address of the consignor of such alcoholic liquors in reports made available to the public and establishing such prohibition would expire on July 1, 2024, unless the Legislature reenacts such provisions.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Division of Alcoholic Beverage Control(ABC), Kansas Department of Revenue, indicates enactment of the bill would result in additional expenditures of \$24,000 of State General Fund moneys in FY 2020 for information technology services to build a public-facing data entry portal where shipping carriers could report required data.

In addition, ABC indicates enactment of the bill could result in increased collection of gallonage taxes, but ABC is unable to estimate the amount of such increase. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.