AN ACT concerning alcoholic beverages; relating to the licensing of microdistilleries; amending K.S.A. 41-304, 41-316 and 41-320 and K.S.A. 2011 Supp. 41-102, 41-310, 41-311, 41-317 and 41-319 and repealing the existing sections.

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

New Section 1. (a) A microdistillery license shall allow:

1. The manufacture of not more than 50,000 gallons of spirits during the license period and the storage thereof;
2. The sale to spirit distributors of spirits, manufactured by the licensee;
3. The sale, on the licensed premises in the original unopened container to consumers for consumption off the licensed premises, of spirits manufactured by the licensee;
4. The serving free of charge on the licensed premises and at special events, monitored and regulated by the division of alcoholic beverage control, of samples of spirits manufactured by the licensee, if the premises are located in a county where the sale of alcoholic liquor is permitted by law in licensed drinking establishments;
5. If the licensee is also licensed as a club or drinking establishment, the sale of spirits and other alcoholic liquor for consumption on the licensed premises as authorized by the club and drinking establishment act; and
6. If the licensee is also licensed as a caterer, the sale of spirits and other alcoholic liquor for consumption on unlicensed premises as authorized by the club and drinking establishment act.

(b) Upon application and payment of the fee prescribed by K.S.A. 41-310, and amendments thereto, by a microdistillery licensee, the director may issue not to exceed one microdistillery packaging and warehousing facility license to the microdistillery licensee. A microdistillery packaging and warehousing facility license shall allow:

1. The transfer, from the licensed premises of the microdistillery to the licensed premises of the microdistillery packaging and warehousing facility, of spirits manufactured by the licensee, for the purpose of...
packaging or storage, or both;

(2) the transfer, from the licensed premises of the microdistillery packaging and warehousing facility to the licensed premises of the microdistillery, of spirits manufactured by the licensee; or

(3) the removal from the licensed premises of the microdistillery packaging and warehousing facility of spirits manufactured by the licensee for the purpose of delivery to a licensed spirits wholesaler.

(c) A microdistillery may sell spirits in the original unopened container to consumers for consumption off the licensed premises at any time between 6 a.m. and 12 midnight on any day except Sunday and between 11 a.m. and 7 p.m. on Sunday. If authorized by subsection (a), a microdistillery may serve samples of spirits and serve and sell spirits and other alcoholic liquor for consumption on the licensed premises at any time when a club or drinking establishment is authorized to serve and sell alcoholic liquor.

(d) The director may issue to the Kansas state fair or any bona fide group of distillers a permit to import into this state small quantities of spirits. Such spirits shall be used only for bona fide educational and scientific tasting programs and shall not be resold. Such spirits shall not be subject to the tax imposed by K.S.A. 41-501, and amendments thereto. The permit shall identify specifically the brand and type of spirit to be imported, the quantity to be imported, the tasting programs for which the spirit is to be used and the times and locations of such programs. The secretary shall adopt rules and regulations governing the importation of spirits pursuant to this subsection and the conduct of tasting programs for which such spirits are imported.

(e) A microdistillery license or microdistillery packaging and warehousing facility license shall apply only to the premises described in the application and in the license issued and only one location shall be described in the license.

(f) No microdistillery shall:

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

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

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

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

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

Sec. 2. K.S.A. 2011 Supp. 41-102 is hereby amended to read as
follows: 41-102. As used in this act, unless the context clearly requires
otherwise:
(a) "Alcohol" means the product of distillation of any fermented
liquid, whether rectified or diluted, whatever its origin, and includes
synthetic ethyl alcohol but does not include denatured alcohol or wood
alcohol.
(b) "Alcoholic liquor" means alcohol, spirits, wine, beer and every
liquid or solid, patented or not, containing alcohol, spirits, wine or beer
and capable of being consumed as a beverage by a human being, but shall
not include any cereal malt beverage.
(c) "Beer" means a beverage, containing more than 3.2% alcohol by
weight, obtained by alcoholic fermentation of an infusion or concoction of
barley, or other grain, malt and hops in water and includes beer, ale, stout,
lager beer, porter and similar beverages having such alcoholic content.
(d) "Caterer" has the meaning provided by K.S.A. 41-2601, and
amendments thereto.
(e) "Cereal malt beverage" has the meaning provided by K.S.A. 41-
2701, and amendments thereto.
(f) "Club" has the meaning provided by K.S.A. 41-2601, and
amendments thereto.
(g) "Director" means the director of alcoholic beverage control of the
department of revenue.
(h) "Distributor" means the person importing or causing to be
imported into the state, or purchasing or causing to be purchased within
the state, alcoholic liquor for sale or resale to retailers licensed under this
act or cereal malt beverage for sale or resale to retailers licensed under
K.S.A. 41-2702, and amendments thereto.
(i) "Domestic beer" means beer which contains not more than 10%
alcohol by weight and which is manufactured in this state.
(j) "Domestic fortified wine" means wine which contains more than
14%, but not more than 20% alcohol by volume and which is
manufactured in this state.
(k) "Domestic table wine" means wine which contains not more than
14% alcohol by volume and which is manufactured without rectification or
fortification in this state.
(l) "Drinking establishment" has the meaning provided by K.S.A. 41-
2601, and amendments thereto.
(m) "Farm winery" means a winery licensed by the director to
manufacture, store and sell domestic table wine and domestic fortified
wine.
(n) "Manufacture" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor, beer or cereal malt beverage.

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

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

(p) "Microbrewery" means a brewery licensed by the director to manufacture, store and sell domestic beer.

(q) "Microdistillery" means a distillery facility which produces spirits from any source or substance that is licensed by the director to manufacture, store and sell spirits.

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

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

(t) (u) "Person" means any natural person, corporation, partnership, trust or association.

(v) (w) "Primary American source of supply" means the manufacturer, the owner of alcoholic liquor at the time it becomes a marketable product or the manufacturer's or owner's exclusive agent who, if the alcoholic liquor cannot be secured directly from such manufacturer or owner by American wholesalers, is the source closest to such manufacturer or owner in the channel of commerce from which the product can be secured by American wholesalers.

(x) (y) "Retailer" means a person who sells at retail, or offers for sale at retail, alcoholic liquors.

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

(x) "Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration and includes all sales made by any person, whether principal, proprietor, agent, servant or employee.

(y) "Salesperson" means any natural person who:
(1) Procures or seeks to procure an order, bargain, contract or
agreement for the sale of alcoholic liquor or cereal malt beverage; or
(2) is engaged in promoting the sale of alcoholic liquor or cereal malt
beverage, or in promoting the business of any person, firm or corporation
engaged in the manufacturing and selling of alcoholic liquor or cereal malt
beverage, whether the seller resides within the state of Kansas and sells to
licensed buyers within the state of Kansas, or whether the seller resides
without the state of Kansas and sells to licensed buyers within the state of
Kansas.
(y) (z) "Secretary" means the secretary of revenue.
(z) (aa) (1) "Sell at retail" and "sale at retail" refer to and mean sales
for use or consumption and not for resale in any form and sales to clubs,
licensed drinking establishments, licensed caterers or holders of temporary
permits.
(2) "Sell at retail" and "sale at retail" do not refer to or mean sales by
a distributor, a microbrewery, a farm winery, a licensed club, a licensed
drinking establishment, a licensed caterer or a holder of a temporary
permit.
(aa) (bb) "To sell" includes to solicit or receive an order for, to keep
or expose for sale and to keep with intent to sell.
(bb) (cc) "Sleeve" means a package of two or more 50-milliliter (3.2-
fluid-ounce) containers of spirits.
(cc) (dd) "Spirits" means any beverage which contains alcohol
obtained by distillation, mixed with water or other substance in solution,
and includes brandy, rum, whiskey, gin or other spirituous liquors, and
such liquors when rectified, blended or otherwise mixed with alcohol or
other substances.
(dd) (ee) "Supplier" means a manufacturer of alcoholic liquor or
cereal malt beverage or an agent of such manufacturer, other than a
salesperson.
(ee) (ff) "Temporary permit" has the meaning provided by K.S.A. 41-
2601, and amendments thereto.
(gg) "Wine" means any alcoholic beverage obtained by the
normal alcoholic fermentation of the juice of sound, ripe grapes, fruits,
berries or other agricultural products, including such beverages containing
added alcohol or spirits or containing sugar added for the purpose of
correcting natural deficiencies.
Sec. 3. K.S.A. 41-304 is hereby amended to read as follows: 41-304.
Licenses issued by the director shall be of the following classes: (a)
Manufacturer's license; (b) spirits distributor's license; (c) wine
distributor's license; (d) beer distributor's license; (e) retailer's license; (f)
microbrewery license; (g) microdistillery license; (h) farm winery license;
and (i) nonbeverage user's license.
Sec. 4. K.S.A. 2011 Supp. 41-310 is hereby amended to read as follows: 41-310. (a) At the time application is made to the director for a license of any class, the applicant shall pay the fee provided by this section.

(b) The fee for a manufacturer's license to manufacture alcohol and spirits shall be $5,000.

(c) The fee for a manufacturer's license to manufacture beer and cereal malt beverage shall be:

1. For 1 to 100 barrel daily capacity or any part thereof, $400.
2. For 100 to 150 barrel daily capacity, $800.
3. For 150 to 200 barrel daily capacity, $1,400.
4. For 200 to 300 barrel daily capacity, $2,000.
5. For 300 to 400 barrel daily capacity, $2,600.
6. For 400 to 500 barrel daily capacity, $2,800.
7. For 500 or more barrel daily capacity, $3,200.

As used in this subsection, "daily capacity" means the average daily barrel production for the previous 12 months of manufacturing operation. If no basis for comparison exists, the licensee shall pay in advance for operation during the first term of the license a fee of $2,000.

(d) The fee for a manufacturer's license to manufacture wine shall be $1,000.

(e) (1) The fee for a microbrewery license, a microdistillery license or a farm winery license shall be $500.
2. The fee for a winery outlet license shall be $100.
3. The fee for a microbrewery packaging and warehousing facility license shall be $200.
4. The fee for a microdistillery packaging and warehousing facility license shall be $200.

(f) The fee for a spirits distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing spirits shall be $2,000.

(g) The fee for a wine distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing wine shall be $2,000.

(h) The fee for a beer distributor's license, for the first and each additional wholesale distributing place of business operated in this state by the licensee and wholesaling or jobbing beer and cereal malt beverage shall be $2,000.

(i) The fee for a nonbeverage user's license shall be:
1. For class 1, $20.
2. For class 2, $100.
3. For class 3, $200.
4. For class 4, $400.
(5) For class 5, $1,000.

(j) In addition to the license fees prescribed by subsections (b), (c), (d), (f), (g), (h) and (i):

1. Any city in which the licensed premises are located may levy and collect a biennial occupation or license tax on the licensee in an amount not exceeding the amount of the license fee required to be paid under this act to obtain the license, but no city shall impose an occupation or privilege tax on the licensee in excess of that amount; and

2. any township in which the licensed premises are located may levy and collect a biennial occupation or license tax on the licensee in an amount not exceeding the amount of the license fee required to be paid under this act to obtain the license, but no township shall impose an occupation or privilege tax on the licensee in excess of that amount; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(k) The fee for a retailer's license shall be $500.

(l) In addition to the license fee prescribed by subsection (k):

1. Any city in which the licensed premises are located may levy and collect a biennial occupation or license tax on the licensee in an amount not less than $200 nor more than $600, but no other occupation or excise tax or license fee shall be levied by any city against or collected from the licensee; and

2. any township in which the licensed premises are located may levy and collect a biennial occupation or license tax on the licensee in an amount not less than $200 nor more than $600; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(m) The license term for a license shall commence on the date the license is issued by the director and shall end two years after that date. The director may, at the director's sole discretion and after examination of the circumstances, extend the license term of any license for not more than 30 days beyond the date such license would expire pursuant to this section. Any extension of the license term by the director pursuant to this section shall automatically extend the due date for payment by the licensee of any occupation or license tax levied by a city or township pursuant to this section by the same number of days the director has extended the license term.

Sec. 5. K.S.A. 41-316 is hereby amended to read as follows: 41-316. Licenses to manufacturers, distributors, microbreweries, microdistilleries,
farm wineries and nonbeverage users of alcoholic liquors shall be issued
and renewed by the director to qualified applicants upon written
application, receipt of bond properly executed and payment in advance of
the state registration fee and the license fee.

Sec. 6. K.S.A. 2011 Supp. 41-317 is hereby amended to read as
follows: 41-317. (a) Applications for all licenses under this act shall be
completed and submitted to the director in a manner prescribed by the
director. Each applicant shall submit an application fee of $50 for each
initial application and $10 for each renewal application to defray the cost
of processing the application.

(b) Each applicant shall submit to the division of alcoholic beverage
control the full amount of the application fee and:

(1) The full amount of the license fee required to be paid for the kind
of license specified in the application; or

(2) one-half of the full amount of the license fee required to be paid
for the kind of license specified in the application.

(c) If the applicant elects to pay only one-half of the license fee
pursuant to subsection (b)(2), the remaining one-half of the license fee
plus 10% of such remaining balance shall be due and payable one year
from the date of issuance of the license. Notwithstanding any other
provision of law, failure to pay the full amount due under this paragraph
on the date it is due shall result in the automatic cancellation of such
license for the remainder of the license term. The director may, at the
director's sole discretion and after examination of the circumstances,
extend the date payment is due pursuant to this paragraph for not more
than 30 days beyond the date such payment is originally due.

(d) Any license fee paid by an applicant shall be returned to the
applicant if the application is denied.

(e) Payment of all fees required to be paid pursuant to this section
may be made by personal, certified or cashier's check, United States post
office money order, debit or credit card or cash, or by electronic payment
authorized by the applicant in a manner prescribed by the director.

(f) All fees received by the director pursuant to this section shall be
remitted by the director to the state treasurer in accordance with the
provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
each such remittance, the state treasurer shall deposit the entire amount in
the state treasury to the credit of the state general fund.

(g) Every applicant for a manufacturer's, distributor's, nonbeverage
user's, microbrewery, microdistillery, farm winery, retailer's or special
order shipping license shall file with the application a joint and several
bond on a form prescribed by the director and executed by good and
sufficient corporate sureties licensed to do business within the state of
Kansas to the director, in the following amounts:
(1) For a manufacturer, $25,000;
(2) for a spirits distributor, $15,000 or an amount equal to the highest monthly liability of the distributor for taxes imposed by the Kansas liquor control act for any of the 12 months immediately prior to renewal of the distributor's license, whichever amount is greater;
(3) for a beer or wine distributor, $5,000 or an amount equal to the highest monthly liability of the distributor for taxes imposed by the Kansas liquor control act for any of the 12 months immediately prior to renewal of the distributor's license, whichever amount is greater;
(4) for a retailer, $2,000;
(5) for nonbeverage users, $200 for class 1, $500 for class 2, $1,000 for class 3, $5,000 for class 4 and $10,000 for class 5;
(6) for a microbrewery, microdistillery or a farm winery, $2,000; and
(7) for a winery holding a special order shipping license, $750, unless the winery has already complied with subsection (g)(6).

If a distributor holds or applies for more than one distributor's license, only one bond for all such licenses shall be required, which bond shall be in an amount equal to the highest applicable bond.

(h) All bonds required by this section shall be conditioned on the licensee's compliance with the provisions of this act and payment of all taxes, fees, fines and forfeitures which may be assessed against the licensee.

Sec. 7. K.S.A. 2011 Supp. 41-319 is hereby amended to read as follows: 41-319. (a) Except as provided by subsection (b), within 30 days after an application is filed for a retailer's, microbrewery, microdistillery or farm winery license and within 20 days after an application is filed for a manufacturer's, distributor's or nonbeverage user's license, the director shall enter an order either refusing or granting the license. If the director does not enter an order within the time prescribed, the license applied for shall be deemed to have been refused. The director, with the written consent of the applicant for a license, may delay entering an order on an application for an additional period of not to exceed 30 days.

(b) In order to complete any national criminal history record check of an applicant who submitted any application after January 31, 2001, and if the applicant is not a resident of the state of Kansas on the date of submission of such application or has not been a resident for at least one year immediately preceding the date of submission of such application the director shall enter an order either refusing or granting the license within 90 days after such application is filed. If the director does not enter an order within the time prescribed, the license applied for shall be deemed to have been refused. The director, with the written consent of the applicant for a license, may delay entering an order on an application for an additional period of not to exceed 30 days.
Sec. 8. K.S.A. 41-320 is hereby amended to read as follows: 41-320.
(a) All proceedings for the suspension and revocation of licenses of
manufacturers, distributors, retailers, microbreweries, microdistilleries,
farm wineries and nonbeverage users shall be before the director, and the
proceedings shall be in accordance with the provisions of the Kansas
administrative procedure act. Except as provided in subsection (b), no
license shall be suspended or revoked except after a hearing by the
director.
(b) When proceedings for the suspension or revocation of a
distributor's license are filed and the distributor has been issued more than
one license for distributing places of business in this state, any order of the
director suspending or revoking the license at any one place of business
shall suspend or revoke all licenses issued to the distributor. When one
person is the holder of stock in two or more corporations licensed as
distributors under the provisions of this act, any order of the director
suspending or revoking the license of any such corporation shall operate as
a suspension or revocation of the license of all corporations licensed as
distributors in which the person is a stockholder.
Sec. 9. K.S.A. 2011 Supp. 41-311 is hereby amended to read as
follows: 41-311. (a) No license of any kind shall be issued pursuant to
the liquor control act to a person:
(1) Who has not been a citizen of the United States for at least 10
years, except that the spouse of a deceased retail licensee may receive
and renew a retail license notwithstanding the provisions of this
subsection (a)(1) if such spouse is otherwise qualified to hold a retail
license and is a United States citizen or becomes a United States citizen
within one year after the deceased licensee's death;
(2) who has been convicted of a felony under the laws of this state,
any other state or the United States;
(3) who has had a license revoked for cause under the provisions
of the liquor control act, the beer and cereal malt beverage keg
registration act or who has had any license issued under the cereal
malt beverage laws of any state revoked for cause except that a license
may be issued to a person whose license was revoked for the
conviction of a misdemeanor at any time after the lapse of 10 years
following the date of the revocation;
(4) who has been convicted of being the keeper or is keeping a
house of prostitution or has forfeited bond to appear in court to
answer charges of being a keeper of a house of prostitution;
(5) who has been convicted of being a proprietor of a gambling
house, pandering or any other crime opposed to decency and morality
or has forfeited bond to appear in court to answer charges for any of
those crimes;
(6) who is not at least 21 years of age;
(7) who, other than as a member of the governing body of a city or county, appoints or supervises any law enforcement officer, who is a law enforcement official or who is an employee of the director;
(8) who intends to carry on the business authorized by the license as agent of another;
(9) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application, except as provided by subsection (a)(12);
(10) who is the holder of a valid and existing license issued under article 27 of chapter 41 of the Kansas Statutes Annotated unless the person agrees to and does surrender the license to the officer issuing the same upon the issuance to the person of a license under this act, except that a retailer licensed pursuant to K.S.A. 41-2702, and amendments thereto, shall be eligible to receive a retailer's license under the Kansas liquor control act;
(11) who does not own the premises for which a license is sought, or does not, at the time of application, have a written lease thereon;
(12) whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age, except that this subsection (a)(12) shall not apply in determining eligibility for a renewal license;
(13) whose spouse has been convicted of a felony or other crime which would disqualify a person from licensure under this section and such felony or other crime was committed during the time that the spouse held a license under this act; or
(14) who does not provide any data or information required by K.S.A. 2011 Supp. 41-311b, and amendments thereto.

(b) No retailer's license shall be issued to:
(1) A person who is not a resident of this state;
(2) a person who has not been a resident of this state for at least four years immediately preceding the date of application;
(3) a person who has a beneficial interest in a manufacturer, distributor, farm winery or microbrewery licensed under this act, except that the spouse of an applicant for a retailer's license may own and hold a farm winery license, microbrewery license, or both, if the spouse does not hold a retailer's license issued under this act;
(4) a person who has a beneficial interest in any other retail establishment licensed under this act, except that the spouse of a licensee may own and hold a retailer's license for another retail establishment;
(5) a copartnership, unless all of the copartners are qualified to obtain a license;
(6) a corporation; or
(7) a trust, if any grantor, beneficiary or trustee would be
ineligible to receive a license under this act for any reason, except that
the provisions of subsection (a)(6) shall not apply in determining
whether a beneficiary would be eligible for a license.
(c) No manufacturer's license shall be issued to:
(1) A corporation, if any officer or director thereof, or any
stockholder owning in the aggregate more than 25% of the stock of
the corporation would be ineligible to receive a manufacturer's license
for any reason other than citizenship and residence requirements;
(2) a copartnership, unless all of the copartners shall have been
residents of this state for at least five years immediately preceding the
date of application and unless all the members of the copartnership
would be eligible to receive a manufacturer's license under this act;
(3) a trust, if any grantor, beneficiary or trustee would be
ineligible to receive a license under this act for any reason, except that
the provisions of subsection (a)(6) shall not apply in determining
whether a beneficiary would be eligible for a license;
(4) an individual who is not a resident of this state;
(5) an individual who has not been a resident of this state for at
least five years immediately preceding the date of application; or
(6) a person who has a beneficial interest in a distributor, retailer,
farm winery or microbrewery licensed under this act, except as
provided in K.S.A. 41-305, and amendments thereto.
(d) No distributor's license shall be issued to:
(1) A corporation, if any officer, director or stockholder of the
corporation would be ineligible to receive a distributor's license for
any reason other than citizenship and residence requirements, provided
that at least one officer and one director of the corporation meets the
citizenship and residence requirements. It shall be unlawful for any
stockholder of a corporation licensed as a distributor to transfer any
stock in the corporation to any person who would be ineligible to
receive a distributor's license for any reason, and any such transfer
shall be null and void, except that: (A) If any stockholder owning
stock in the corporation dies and an heir or devisee to whom stock of
the corporation descends by descent and distribution or by will is
ineligible to receive a distributor's license, the legal representatives of
the deceased stockholder's estate and the ineligible heir or devisee
shall have 14 months from the date of the death of the stockholder
within which to sell the stock to a person eligible to receive a
distributor's license, any such sale by a legal representative to be made
in accordance with the provisions of the probate code; or (B) if the
stock in any such corporation is the subject of any trust and any
trustee or beneficiary of the trust who is 21 years of age or older is ineligible to receive a distributor's license, the trustee, within 14 months after the effective date of the trust, shall sell the stock to a person eligible to receive a distributor's license and hold and disburse the proceeds in accordance with the terms of the trust. If any legal representatives, heirs, devisees or trustees fail, refuse or neglect to sell any stock as required by this subsection, the stock shall revert to and become the property of the corporation, and the corporation shall pay to the legal representatives, heirs, devisees or trustees the book value of the stock. During the period of 14 months prescribed by this subsection, the corporation shall not be denied a distributor's license or have its distributor's license revoked if the corporation meets all of the other requirements necessary to have a distributor's license;

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

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

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

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

(f) No microbrewery license or farm winery license shall be issued to a:

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

(2) person who has not been a resident of this state for at least one year immediately preceding the date of application;

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

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

(5) copartnership, unless all of the copartners are qualified to obtain a license;
(6) corporation, unless stockholders owning in the aggregate 50% or more of the stock of the corporation would be eligible to receive such license and all other stockholders would be eligible to receive such license except for reason of citizenship or residency; or

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

(g) The provisions of subsections (b)(1), (b)(2), (c)(3), (c)(4), (d)(3), (f)(1), (f)(2) and K.S.A. 2011 Supp. 41-311b, and amendments thereto, shall not apply in determining eligibility for the 10th, or a subsequent, consecutive renewal of a license if the applicant has appointed a citizen of the United States who is a resident of Kansas as the applicant's agent and filed with the director a duly authenticated copy of a duly executed power of attorney, authorizing the agent to accept service of process from the director and the courts of this state and to exercise full authority, control and responsibility for the conduct of all business and transactions within the state relative to alcoholic liquor and the business licensed. The agent must be satisfactory to and approved by the director, except that the director shall not approve as an agent any person who:

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

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

(3) has been convicted of being the keeper or is keeping a house of prostitution or has forfeited bond to appear in court to answer charges of being a keeper of a house of prostitution;

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

(5) is less than 21 years of age.


Sec. 10. This act shall take effect and be in force from and after its publication in the statute book.