

## REPORTS OF STANDING COMMITTEES

MADAM PRESIDENT:

The Committee on **Federal and State Affairs** recommends **HB 2331**, as amended by House Committee of the Whole, be amended on page 1, by striking all in lines 9 through 34;

By striking all on page 2;

On page 3, by striking all in lines 1 through 5;

On page 4, by striking all in line 7; in line 10, after "thereto" by inserting "; or

(6) on private property where possession and consumption of alcoholic liquor is allowed pursuant to the issuance of a valid art studio permit";

On page 7, in line 3, before "A" by inserting "Except as otherwise provided herein,"; in line 12, after the period by inserting "Notification shall not be required for weddings, funerals, events sponsored by religious institutions, or for business, industry or trade sponsored meetings, including, but not limited to, awards presentations and retirement celebrations.";

On page 9, in line 19, after "(2)" by inserting "On and after July 1, 2016,"; also in line 19, after "a" by inserting "sufficient number of"; also in line 19, by striking "permit" and inserting "permits as required by the state fair board"; in line 21, by striking "or beer, or both,"; in line 25, after "purpose" by inserting "subject to the conditions imposed by the state board"; in line 27, after "fairgrounds" by inserting "consistent with the requirements of the state board";

On page 10, following line 3, by inserting:

"Sec. 5. K.S.A. 2014 Supp. 41-351 is hereby amended to read as follows: 41-351. (a) Notwithstanding any other provisions of the Kansas liquor control act, the club and drinking establishment act or the Kansas cereal malt beverage act, any person who is licensed to sell wine

pursuant to K.S.A. 41-308a, and amendments thereto, may apply to the director for an annual ~~bona fide~~ farmers' market sales permit. Such permit shall authorize the licensee, a member of the licensee's family or an employee of the licensee to sell wine in the original unopened container produced and bottled by the licensee at a ~~bona fide farmers' market located at a site approved by the director~~ markets.

(b) An application submitted pursuant to this section shall be accompanied by an application fee of \$25. Permits issued under this section shall be valid for one year from the date of issuance. ~~A licensee shall not hold more than one bona fide farmers' market sales permit at any one time.~~

(c) ~~The licensee may only sell wine at a single bona fide farmers' market on one day of the week.~~ The location locations of the bona fide farmers' market markets at which wine shall be sold shall be specified in the application submitted to the director. If the licensee elects to sell wine at a farmers' market, the location of which was not reported to the director in the application, such licensee shall notify the director of the location before any wine may be sold at that location. The director shall notify the city, county and applicable law enforcement agency where ~~the bona fide farmers' market is~~ markets are to be held and of the issuance of a permit under this section for the sale of wine at such ~~bona fide farmers' market~~ markets.

(d) For the purposes of this section, "~~bona fide farmers' market~~" means any ~~location held out to be a farmers' market that is subject to inspection by the department of agriculture~~ common facility or area where producers or growers gather on a regular, recurring basis to sell fruits, vegetables, meats and other farm products directly to consumers.

(e) The secretary may adopt rules and regulations as necessary to implement the provisions of this section.

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

Sec. 6. K.S.A. 2014 Supp. 41-350 is hereby amended to read as follows: 41-350. (a) For the purposes of this act, the term "winery" means any maker or producer of wine whether in this state or in

any other state, who holds a valid federal basic wine manufacturing permit. The terms "director" and "secretary" have the meaning ascribed to these terms in K.S.A. 41-102, and amendments thereto.

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

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

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

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

(d) (1) Before accepting an order from a consumer in this state, the holder of a special order shipping license shall require that the person placing the order to state affirmatively that he or she is 21 years of age or older and shall verify the age of such person placing the order either by the physical examination of an approved government issued form of identification or by utilizing an internet based age and identification service approved by the director of alcoholic beverage control, or the director's designee.

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

delivery.

(3) Notwithstanding the definition set forth in K.S.A. 41-102, and amendments thereto, of "to sell," a winery holding a special order shipping license may market its wines and receive orders through any means of communication, including, but not limited to, the internet, written correspondence, telephonically or through orders transmitted from registered agents hosting private, in state, wine tastings in accordance with the trade practice regulations promulgated by the secretary. A licensee shall provide electronic notification to the director at least 48 hours prior to any event at which the licensee will host a wine tasting.

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

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

(g) The holder of a special order shipping license shall collect all gallonage taxes imposed by K.S.A. 41-501 et seq., and amendments thereto, shall remit such taxes annually in a manner prescribed by the secretary and shall accompany such remittance with such reports, documentation and other information as may be required by the secretary. In addition, an applicant for and a holder of a special

order shipping license, as a condition of receiving and holding a valid license, shall:

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

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

(3) if the holder of the license is an out-of-state shipper, the licensee shall be deemed to have appointed the secretary of state as the resident agent and representative of the licensee to accept service of process from the secretary of revenue, the director and the courts of this state concerning enforcement of this section, K.S.A. 41-501 et seq., and amendments thereto, and any related laws and rules and regulations and to accept service of any notice or order provided for in the liquor control act.

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

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

New Sec. 7. (a) Any business engaged in the practice of teaching or allowing its patrons to produce artwork may apply to the director for an annual art studio permit.

(b) An art studio permit shall authorize the possession and consumption of alcoholic liquor on private property owned or leased by the permit holder. Such alcoholic liquor shall be in the personal possession of the patrons of the permit holder's business, and shall not be sold, offered for sale or given away by the permit holder.

(c) Any alcoholic liquor not consumed by a patron shall be disposed of by the permit holder or, prior to its removal from the property, securely resealed and placed in a tamper-proof, transparent bag which is sealed in a manner that makes it visibly apparent if the bag is subsequently opened.

(d) Permits issued under this section shall be valid for one year from the date of issuance.

(e) The annual fee for an art studio permit shall be \$25.

(f) For the purposes of this section:

(1) "Artwork" means tangible products paid for and created by a patron of a business, including, but not limited to, painting, drawing, sculpting or jewelry-making; and

(2) "patron" means a customer participating in a program offered by the permit holder involving the production of artwork.

(g) The secretary may adopt rules and regulations as necessary to implement the provisions of this section.

(h) This section shall be part of and supplemental to the club and drinking establishment act.;"

Also on page 10, in line 4, by striking "41-104," and inserting "41-350, 41-351,";

And by renumbering sections accordingly;

On page 1, in the title, by striking all in line 3; in line 4, by striking all before "amending"; in line 5, by striking "41-104," and inserting "41-350, 41-351,"; and the bill be passed as amended.

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Chairperson