

SESSION OF 2015

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2125

As Amended by House Committee on Federal
and State Affairs

Brief*

HB 2125, as amended, would create and amend law concerning the issuance and regulation of liquor licenses.

First, the bill would establish requirements for limited liability companies (LLCs) applying for liquor licenses. Specifically, in addition to being required to submit copies of their articles of organization and operating agreements to the Director of Alcoholic Beverage Control (ABC), LLCs applying for retailer's licenses would be treated as follows:

- Required to meet the licensure qualifications for copartnerships applying for retailer's licenses;
- Under the Club and Drinking Establishment Act, required to meet the licensure qualifications for corporations under that Act; and
- Under the Cereal Malt Beverage Act, required to meet the licensure qualifications for corporations applying for licenses under that Act. Individuals owning, in the aggregate, 25 percent or more of the ownership interest in the LLC would be required to meet the qualifications for an individual applying for a license under that Act.

The bill also would specify the director could suspend, involuntarily cancel, or revoke any license issued pursuant to the Liquor Control Act if, after notice and opportunity for a

*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>

hearing, the Director determines the licensee did any of the following:

- Fraudulently obtained the license by providing false information on the license application or at a hearing related to the license;
- Violated any provision of the Liquor Control Act or related rules and regulations; or
- Became ineligible to obtain a license.

The bill would add language specifying proceedings involving the denial, suspension, involuntary cancellation, or revocation of any license, or any assessment of civil fines, would be governed by the provisions of the Kansas Administrative Procedure Act. The bill would specify the Secretary of Revenue would be able to designate the Director of ABC to be the presiding officer in any such hearing.

Finally, the bill would remove the Hiram Price Dillon House from the list of exceptions to the general prohibition against consumption of alcohol on public property. The Dillon House is no longer public property.

Background

At the hearing of the House Committee on Federal and State Affairs, the Director of ABC provided testimony in support of the bill. He testified the bill would provide technical clarifications to codify ABC's current practices relating to the issuance of liquor licenses and administrative actions against liquor licensees for violations.

Neutral testimony was presented by a representative of the Kansas Licensed Beverage Association, the Kansas Craft Brewers Association, the Kansas Viticulture and Farm Winery Association, and the Artisan Distillers of Kansas.

No testimony in opposition to the bill was submitted.

The House Committee amended the bill by adding language specifying the Secretary of Revenue would be able to designate the Director of ABC to be the presiding officer in any proceeding involving denial of an application for, suspension of, involuntary cancellation of, or revocation of a license, or assessment of a civil fine under the Liquor Control Act.

According to the fiscal note prepared by the Division of the Budget on the original bill, the Department of Revenue has indicated the bill, as introduced, would have no fiscal effect on agency operations.