

**SENATE BILL No. 163**

By Committee on Commerce

2-6

1 AN ACT concerning alcoholic beverages; relating to the Kansas liquor  
2 control act; retailer's licenses; creating the local cereal malt beverage  
3 sales tax fund; amending K.S.A. 2016 Supp. 41-102, 41-301, 41-303,  
4 41-304, 41-310, 41-311, 41-313, 41-326, 41-713 and 79-4108 and  
5 repealing the existing sections; also repealing K.S.A. 41-103 and 41-  
6 711 and K.S.A. 2016 Supp. 41-308.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*

9 New Section 1. (a) On and after July 1, 2018, all retailers' licenses to  
10 sell alcoholic liquor issued by the director prior to such date shall be  
11 deemed to be liquor retailer's licenses.

12 (b) A liquor retailer's license shall allow the licensee to sell and offer  
13 for sale at retail and deliver in the original package, as therein prescribed,  
14 alcoholic liquor for use or consumption off and away from the premises  
15 specified in such license.

16 (c) A liquor retailer's license shall permit the sale and delivery of  
17 alcoholic liquor only on the licensed premises and shall not permit the sale  
18 of alcoholic liquor for resale in any form, except that the licensee may:

19 (1) Sell alcoholic liquor to a temporary permit holder for resale by  
20 such temporary permit holder; and

21 (2) sell and deliver alcoholic liquor to a caterer or to the licensed  
22 premises of a club or drinking establishment, if such premises is in the  
23 county where the retailer's licensed premises is located or in an adjacent  
24 county, for resale by such caterer, club or drinking establishment.

25 (d) A liquor retailer licensee may:

26 (1) Charge a delivery fee for delivery of alcoholic liquor to a caterer,  
27 club or drinking establishment pursuant to subsection (b);

28 (2) sell lottery tickets and shares to the public in accordance with the  
29 Kansas lottery act, if the licensee is selected as a lottery retailer;

30 (3) include in the sale of alcoholic liquor any goods included by the  
31 manufacturer in packaging with the alcoholic liquor, subject to the  
32 approval of the director;

33 (4) distribute to the public, without charge, consumer advertising  
34 specialties bearing the advertising matter, subject to rules and regulations  
35 of the secretary limiting the form and distribution of such specialties so  
36 that they are not conditioned on or an inducement to the purchase of

1 alcoholic liquor;

2 (5) store alcoholic liquor in refrigerators, cold storage units, ice boxes  
3 or other cooling devices, and sell such alcoholic liquor to consumers in a  
4 chilled condition; and

5 (6) sell any other goods or services on the licensed premises, except  
6 that the gross sales of other goods and services shall not exceed 20% of the  
7 retailer's total gross sales.

8 (e) A liquor retailer's license shall be subject to the provisions of  
9 K.S.A. 41-1101, and amendments thereto, prohibiting a retailer from  
10 purchasing alcoholic liquor from a distributor, who has not filed with the  
11 director a sworn statement agreeing to sell to all retailers in the  
12 distributor's franchised territory at the same unit price and prohibiting a  
13 distributor from selling alcoholic liquor to a retailer at a discount for  
14 multiple case lots. A liquor retailer's license also shall be subject to the  
15 provisions of K.S.A. 41-729, and amendments thereto, prohibiting the sale  
16 of alcoholic liquor at less than the acquisition cost thereof.

17 (f) The provisions of this section shall be a part of and supplemental  
18 to the Kansas liquor control act.

19 New Sec. 2. (a) On and after July 1, 2018, the director may issue to  
20 qualified applicants a wine and beer retailer's license. A wine and beer  
21 retailer's license shall allow the licensee to sell and offer for sale at retail  
22 and deliver in the original package, as therein prescribed, beer and wine  
23 for use or consumption off and away from the premises specified in such  
24 license.

25 (b) A wine and beer retailer's license shall permit the sale and  
26 delivery of beer and wine only on the licensed premises and shall not  
27 permit the sale of beer and wine for resale in any form except that the  
28 licensee may:

29 (1) Sell beer and wine to a temporary permit holder for resale by such  
30 temporary permit holder; and

31 (2) sell and deliver beer and wine to a caterer or to the licensed  
32 premises of a club or drinking establishment, if such premises is in the  
33 county where the retailer's licensed premises is located or in an adjacent  
34 county, for resale by such caterer, club or drinking establishment.

35 (c) A wine and beer retailer licensee may:

36 (1) Charge a delivery fee for delivery of beer and wine to a caterer,  
37 club or drinking establishment pursuant to subsection (b);

38 (2) sell lottery tickets and shares to the public in accordance with the  
39 Kansas lottery act, if the licensee is selected as a lottery retailer;

40 (3) include in the sale of beer and wine any goods included by the  
41 manufacturer in packaging with the beer and wine, subject to the approval  
42 of the director;

43 (4) distribute to the public, without charge, consumer advertising

1 specialties bearing advertising matter, subject to rules and regulations of  
2 the secretary limiting the form and distribution of such specialties so that  
3 they are not conditioned on or an inducement to the purchase of beer or  
4 wine;

5 (5) store beer and wine in refrigerators, cold storage units, ice boxes  
6 or other cooling devices, and sell such beer and wine to consumers in a  
7 chilled condition; and

8 (6) sell any other goods or services on the licensed premises.

9 (d) A wine and beer retailer's license shall be subject to the provisions  
10 of K.S.A. 41-1101, and amendments thereto, prohibiting a retailer from  
11 purchasing alcoholic liquor from a distributor, who has not filed with the  
12 director a sworn statement agreeing to sell to all retailers in the  
13 distributor's franchised territory at the same unit price and prohibiting a  
14 distributor from selling alcoholic liquor to a retailer at a discount for  
15 multiple case lots. A wine and beer retailer's license also shall be subject to  
16 the provisions of K.S.A. 41-729, and amendments thereto, prohibiting the  
17 sale of alcoholic liquor at less than the acquisition cost thereof.

18 (e) The provisions of this section shall be a part of and supplemental  
19 to the Kansas liquor control act.

20 New Sec. 3. (a) The director may propose rules and regulations  
21 necessary to implement and administer the provisions of sections 1 and 2,  
22 and amendments thereto, and submit such rules and regulations to the  
23 secretary in accordance with K.S.A. 41-210, and amendments thereto.  
24 Such rules and regulations may include, but not be limited to:

25 (1) On or after July 1, 2018, the number of wine and beer retailer's  
26 licenses that are issued by the director in any one month may be limited to  
27 that number which may be reasonably processed and issued by the director  
28 based on the resources of the division of alcoholic beverage control; and

29 (2) submission of applications for a wine and beer retailer's license to  
30 the director and review of such applications by the director for compliance  
31 with the Kansas liquor control act may be permitted prior to July 1, 2018.

32 (b) Whenever practicable, the director may enter into interlocal  
33 agreements with cities and counties under the interlocal cooperation act,  
34 K.S.A. 12-2901 et seq., and amendments thereto, providing for local law  
35 enforcement officers to enforce the provisions of the Kansas liquor control  
36 act and the rules and regulations adopted thereunder.

37 (c) The provisions of this section shall be a part of and supplemental  
38 to the Kansas liquor control act.

39 New Sec. 4. (a) From the revenue remitted to the state treasurer  
40 pursuant to K.S.A. 79-4108, and amendments thereto, during the prior  
41 calendar year quarter that is deposited in the state treasury, 3% shall be  
42 credited to the local cereal malt beverage sales tax fund, which is hereby  
43 created in the state treasury. Moneys credited to the local cereal malt

1 beverage sales tax fund shall be distributed quarterly as part of the January,  
2 April, July and October sales tax distribution to each city and county that  
3 levied a local retailers' sales tax. The amount to be distributed to each city  
4 and county shall be determined by the department of revenue based on a  
5 weighted population average. The weighted population average shall be  
6 computed by multiplying the total tax rate in effect for the city or county  
7 by the population of such city or county. The weighted population average  
8 for each city and county shall then be divided by the total Kansas  
9 population. The resulting quotient is the percentage of distribution for such  
10 city or county. The population data shall be updated annually with the  
11 issuance of the certified population data through the division of the budget.

12 (b) The local cereal malt beverage sales tax fund shall be used for the  
13 purposes set forth in K.S.A. 79-4101 et seq., and amendments thereto, and  
14 for no other governmental purposes. It is the intent of the legislature that  
15 the local cereal malt beverage sale tax fund shall remain intact and  
16 inviolate for the purposes set forth in K.S.A. 79-4101 et seq., and  
17 amendments thereto, and money in the local cereal malt beverage sales tax  
18 fund shall not be subject to the provisions of K.S.A. 75-3722, 75-3725a  
19 and 75-3726a, and amendments thereto.

20 (c) This section shall take effect on and after July 1, 2018.

21 Sec. 5. K.S.A. 2016 Supp. 41-102 is hereby amended to read as  
22 follows: 41-102. As used in this act, unless the context clearly requires  
23 otherwise:

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

28 (b) "Alcoholic liquor" means alcohol, spirits, wine, beer and every  
29 liquid or solid, patented or not, containing alcohol, spirits, wine or beer  
30 and capable of being consumed as a beverage by a human being, but shall  
31 not include any cereal malt beverage.

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

36 (d) "Caterer" has the meaning provided by K.S.A. 41-2601, and  
37 amendments thereto.

38 (e) "Cereal malt beverage" has the meaning provided by K.S.A. 41-  
39 2701, and amendments thereto.

40 (f) "Club" has the meaning provided by K.S.A. 41-2601, and  
41 amendments thereto.

42 (g) *"Convenience store" means a retail business with primary*  
43 *emphasis placed on providing the public a convenient location to quickly*

1 *purchase from a wide array of consumable products, predominantly food*  
2 *or food and gasoline, and services, and includes stores classified under*  
3 *the North American industry classification system as NAICS 44512,*  
4 *445120 or 447110 on the effective date of this act.*

5 ~~(g)~~ (h) "Director" means the director of alcoholic beverage control of  
6 the department of revenue.

7 ~~(h)~~ (i) "Distributor" means the person importing or causing to be  
8 imported into the state, or purchasing or causing to be purchased within  
9 the state, alcoholic liquor for sale or resale to retailers licensed under this  
10 act or cereal malt beverage for sale or resale to retailers licensed under  
11 K.S.A. 41-2702, and amendments thereto.

12 ~~(i)~~ (j) "Domestic beer" means beer which contains not more than 10%  
13 alcohol by weight and which is manufactured in this state.

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

17 ~~(k)~~ (l) "Domestic table wine" means wine which contains not more  
18 than 14% alcohol by volume and which is manufactured without  
19 rectification or fortification in this state.

20 ~~(l)~~ (m) "Drinking establishment" has the meaning provided by K.S.A.  
21 41-2601, and amendments thereto.

22 ~~(m)~~ (n) "Farm winery" means a winery licensed by the director to  
23 manufacture, store and sell domestic table wine and domestic fortified  
24 wine.

25 (o) *"Grocery store" means an establishment primarily engaged in*  
26 *retailing a general line of groceries, including, but not limited to,*  
27 *packaged food, fresh and frozen food, prepared foods and other*  
28 *consumable products, and includes establishments primarily engaged in*  
29 *retailing a general line of groceries in combination with general lines of*  
30 *new merchandise, including, but not limited to, establishments classified*  
31 *under the North American industry classification system as NAICS*  
32 *445110 or 452910 on the effective date of this act.*

33 ~~(n)~~ (p) "Hard cider" means any alcoholic beverage that:

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

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

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

40 (q) *"Liquor store" means a store whose primary business is the retail*  
41 *sale of alcoholic liquor in the original and unopened container and not for*  
42 *consumption on the premises and includes stores classified under the*  
43 *North American industry classification system as NAICS 445310 on the*

1 *effective date of this act.*

2 ~~(r)~~ (r) "Manufacture" means to distill, rectify, ferment, brew, make,  
3 mix, concoct, process, blend, bottle or fill an original package with any  
4 alcoholic liquor, beer or cereal malt beverage.

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

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

12 ~~(t)~~ (t) "Microbrewery" means a brewery licensed by the director to  
13 manufacture, store and sell domestic beer and hard cider.

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

17 ~~(v)~~ (v) "Minor" means any person under 21 years of age.

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

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

27 ~~(y)~~ (y) "Person" means any natural person, corporation, partnership,  
28 trust or association.

29 ~~(z)~~ (z) "Powdered alcohol" means alcohol that is prepared in a  
30 powdered or crystal form for either direct use or for reconstitution in a  
31 nonalcoholic liquid.

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

39 ~~(bb)~~ (bb) (1) "Retailer" means a person who sells at retail, or offers for  
40 sale at retail, alcoholic liquors.

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

43 ~~(cc)~~ (cc) (1) "Retailer's license" means a license to sell at retail alcoholic

1 *liquor in the original package, issued pursuant to the Kansas liquor*  
 2 *control act.*

3 (2) *On and after July 1, 2018, the term "retailer's license" means a*  
 4 *wine and beer retailer's license or liquor retailer's license, or other license*  
 5 *to sell at retail alcoholic liquor in the original package, issued pursuant to*  
 6 *the Kansas liquor control act.*

7 ~~(z)~~ (dd) "Sale" means any transfer, exchange or barter in any manner  
 8 or by any means whatsoever for a consideration and includes all sales  
 9 made by any person, whether principal, proprietor, agent, servant or  
 10 employee.

11 ~~(aa)~~ (ee) "Salesperson" means any natural person who:

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

14 (2) is engaged in promoting the sale of alcoholic liquor or cereal malt  
 15 beverage, or in promoting the business of any person, firm or corporation  
 16 engaged in the manufacturing and selling of alcoholic liquor or cereal malt  
 17 beverage, whether the seller resides within the state of Kansas and sells to  
 18 licensed buyers within the state of Kansas, or whether the seller resides  
 19 without the state of Kansas and sells to licensed buyers within the state of  
 20 Kansas.

21 ~~(bb)~~ (ff) "Secretary" means the secretary of revenue.

22 ~~(ee)~~ (gg) (1) "Sell at retail" and "sale at retail" refer to and mean sales  
 23 for use or consumption and not for resale in any form and sales to clubs,  
 24 licensed drinking establishments, licensed caterers or holders of temporary  
 25 permits.

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

30 ~~(dd)~~ (hh) "To sell" includes to solicit or receive an order for, to keep  
 31 or expose for sale and to keep with intent to sell.

32 ~~(ee)~~ (ii) "Sleeve" means a package of two or more 50-milliliter (3.2-  
 33 fluid-ounce) containers of spirits.

34 ~~(ff)~~ (jj) "Spirits" means any beverage which contains alcohol obtained  
 35 by distillation, mixed with water or other substance in solution, and  
 36 includes brandy, rum, whiskey, gin or other spirituous liquors, and such  
 37 liquors when rectified, blended or otherwise mixed with alcohol or other  
 38 substances.

39 ~~(gg)~~ (kk) "Supplier" means a manufacturer of alcoholic liquor or  
 40 cereal malt beverage or an agent of such manufacturer, other than a  
 41 salesperson.

42 ~~(hh)~~ (ll) "Temporary permit" has the meaning provided by K.S.A. 41-  
 43 2601, and amendments thereto.

1       (ii) (*mm*) "Wine" means any alcoholic beverage obtained by the  
 2 normal alcoholic fermentation of the juice of sound, ripe grapes, fruits,  
 3 berries or other agricultural products, including such beverages containing  
 4 added alcohol or spirits or containing sugar added for the purpose of  
 5 correcting natural deficiencies. The term "wine" shall include hard cider  
 6 and any other product that is commonly known as a subset of wine.

7       Sec. 6. K.S.A. 2016 Supp. 41-301 is hereby amended to read as  
 8 follows: 41-301. (a) ~~Except as provided by subsection (b), the director~~  
 9 ~~shall issue to qualified applicants, who have filed the bond and paid the~~  
 10 ~~registration and license fees required by this act, licenses to sell at retail~~  
 11 ~~alcoholic liquor in the original package on premises within the corporate~~  
 12 ~~limits of cities and outside the corporate limits of any city.~~

13       (b) ~~No retailer's license shall be issued for premises within a city if~~  
 14 ~~the governing body of such city, on or before February 15, 2006, adopts~~  
 15 ~~adopted an ordinance prohibiting the licensing of the sale at retail of~~  
 16 ~~alcoholic liquor in the original package within such city. Upon adoption of~~  
 17 ~~such ordinance, the city clerk promptly shall transmit a copy of such~~  
 18 ~~ordinance to the director and the director shall refuse to issue licenses to~~  
 19 ~~sell at retail alcoholic liquor in the original package in such city. If the~~  
 20 ~~governing body adopts such an ordinance, the holder of any valid existing~~  
 21 ~~retailer's license for premises in such city shall have the right to continue~~  
 22 ~~to operate under such license for a period of 90 days after the effective~~  
 23 ~~date of the ordinance or until the expiration of such license, whichever~~  
 24 ~~period of time is shorter. If such period of time expires before the~~  
 25 ~~expiration of the term for which the retailer's license was issued, the~~  
 26 ~~licensee shall be entitled to a refund of the license fee for the unexpired~~  
 27 ~~portion of the license period which remains, in accordance with rules and~~  
 28 ~~regulations adopted by the secretary.~~

29       (e) (*b*) No retailer's license shall be issued for premises within a city  
 30 if, after November 15, 2005, a majority of the qualified voters of such city  
 31 voting at an election held as provided by K.S.A. 41-302, and amendments  
 32 thereto, votes against the licensing of the sale at retail of alcoholic liquor  
 33 in the original package within such city unless, at a subsequent election, a  
 34 majority of the qualified voters of such city voting at such election votes in  
 35 favor of the licensing of the sale at retail of alcoholic liquor in the original  
 36 package within such city.

37       Sec. 7. K.S.A. 2016 Supp. 41-303 is hereby amended to read as  
 38 follows: 41-303. (a) ~~The director may issue to qualified applicants licenses~~  
 39 ~~to sell at retail alcoholic liquor in the original package on premises not~~  
 40 ~~located in an incorporated city for use or consumption off the premises. No~~  
 41 ~~such license shall be issued to any applicant unless the applicant possesses~~  
 42 ~~all the qualifications required of other applicants for retailers' licenses~~  
 43 ~~except the qualification of residency within a city. No such retailer's~~



1 license shall be issued to any applicant under this section for premises not  
2 located in an incorporated city unless the board of county commissioners  
3 of the county in which the premises for which licensure is sought are  
4 located adopts a resolution approving the issuance of such license. A  
5 certified copy of such resolution shall accompany the application for a  
6 such license authorized by this section.

7 (b) ~~If a license has been issued under the provisions of this section in~~  
8 ~~the unincorporated area of a county and thereafter the premises so licensed~~  
9 ~~are annexed to a city wherein retail liquor licenses may be issued, such~~  
10 ~~license shall continue to be valid and may be renewed at the appropriate~~  
11 ~~time even though the licensee does not reside in the city to which the area~~  
12 ~~is annexed if the licensee otherwise is qualified and resides in the township~~  
13 ~~in which the premises were located prior to annexation or in the city to~~  
14 ~~which the premises have been annexed.~~

15 (e) Any ~~retail~~ *retailer's* license issued prior to the effective date of  
16 this act for premises not located in an incorporated city shall continue to be  
17 valid and such premises shall continue to be eligible for licensure if the  
18 board of county commissioners of the county in which the premises are  
19 located has adopted a resolution approving the issuance of such license. A  
20 certified copy of such resolution shall accompany the application for a  
21 such license authorized by this subsection.

22 Sec. 8. On and after July 1, 2018, K.S.A. 2016 Supp. 41-304 is  
23 hereby amended to read as follows: 41-304. Licenses issued by the  
24 director shall be of the following classes: (a) Manufacturer's license; (b)  
25 spirits distributor's license; (c) wine distributor's license; (d) beer  
26 distributor's license; (e) *wine and beer retailer's license*; (f) *liquor*  
27 *retailer's* license; ~~(g)~~(g) microbrewery license; ~~(h)~~(h) microdistillery  
28 license; ~~(i)~~(i) farm winery license; and ~~(j)~~(j) nonbeverage user's license.

29 Sec. 9. On and after July 1, 2018, K.S.A. 2016 Supp. 41-310 is  
30 hereby amended to read as follows: 41-310. (a) At the time application is  
31 made to the director for a license of any class, the applicant shall pay the  
32 fee provided by this section.

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

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

37 (1) For 1 to 100 barrel daily capacity or any part thereof, \$400.

38 (2) For 100 to 150 barrel daily capacity, \$800.

39 (3) For 150 to 200 barrel daily capacity, \$1,400.

40 (4) For 200 to 300 barrel daily capacity, \$2,000.

41 (5) For 300 to 400 barrel daily capacity, \$2,600.

42 (6) For 400 to 500 barrel daily capacity, \$2,800.

43 (7) For 500 or more barrel daily capacity, \$3,200.

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

5 (d) The fee for a manufacturer's license to manufacture wine shall be  
6 \$1,000.

7 (e) (1) The fee for a microbrewery license, a microdistillery license or  
8 a farm winery license shall be \$500.

9 (2) The fee for a winery outlet license shall be \$100.

10 (3) The fee for a microbrewery packaging and warehousing facility  
11 license shall be \$200.

12 (4) The fee for a microdistillery packaging and warehousing facility  
13 license shall be \$200.

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

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

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

24 (i) The fee for a nonbeverage user's license shall be:

25 (1) For class 1, \$20.

26 (2) For class 2, \$100.

27 (3) For class 3, \$200.

28 (4) For class 4, \$400.

29 (5) For class 5, \$1,000.

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

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

37 (2) any township in which the licensed premises are located may levy  
38 and collect a biennial occupation or license tax on the licensee in an  
39 amount not exceeding the amount of the license fee required to be paid  
40 under this act to obtain the license, but no township shall impose an  
41 occupation or privilege tax on the licensee in excess of that amount; the  
42 township board of the township is authorized to fix and impose the tax and  
43 the tax shall be paid by the licensee to the township treasurer, who shall

1 issue a receipt therefor to the licensee and shall cause the tax paid to be  
2 placed in the general fund of the township.

3 (k) The fee for a retailer's license shall be ~~\$500~~ *\$1,500 for a wine and*  
4 *beer retailer's license and \$1,000 for a liquor retailer's license.*

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

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

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

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

28 Sec. 10. On and after July 1, 2018, K.S.A. 2016 Supp. 41-311 is  
29 hereby amended to read as follows: 41-311. (a) No license of any kind  
30 shall be issued pursuant to the liquor control act to a person:

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

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

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

40 (4) who has been convicted of being the keeper or is keeping any  
41 property, whether real or personal, where sexual relations are being sold or  
42 offered for sale by a person who is 18 years of age or older or has forfeited  
43 bond to appear in court to answer charges of being a keeper of any

1 property, whether real or personal, where sexual relations are being sold or  
2 offered for sale by a person who is 18 years of age or older;

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

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

8 (7) who, other than as a member of the governing body of a city or  
9 county, appoints or supervises any law enforcement officer, who is a law  
10 enforcement official or who is an employee of the director;

11 (8) who intends to carry on the business authorized by the license as  
12 agent of another;

13 (9) who at the time of application for renewal of any license issued  
14 under this act would not be eligible for the license upon a first application,  
15 except as provided by subsection (a)(12);

16 (10) who is the holder of a valid and existing license issued under  
17 article 27 of chapter 41 of the Kansas Statutes Annotated, and amendments  
18 thereto, unless the person agrees to and does surrender the license to the  
19 officer issuing the same upon the issuance to the person of a license under  
20 this act, except that a retailer licensed pursuant to K.S.A. 41-2702, and  
21 amendments thereto, shall be eligible to receive a retailer's license under  
22 the Kansas liquor control act;

23 (11) who does not own the premises for which a license is sought, or  
24 does not, at the time of application, have a written lease thereon;

25 (12) whose spouse would be ineligible to receive a license under this  
26 act for any reason other than citizenship, residence requirements or age,  
27 except that this subsection (a)(12) shall not apply in determining eligibility  
28 for a renewal license;

29 (13) whose spouse has been convicted of a felony or other crime  
30 which would disqualify a person from licensure under this section and  
31 such felony or other crime was committed during the time that the spouse  
32 held a license under this act;

33 (14) who does not provide any data or information required by  
34 K.S.A. 2016 Supp. 41-311b, and amendments thereto; or

35 (15) who, after a hearing before the director, has been found to have  
36 held an undisclosed beneficial interest in any license issued pursuant to the  
37 liquor control act which was obtained by means of fraud or any false  
38 statement made on the application for such license.

39 (b) (1) No retailer's license shall be issued to a:

40 ~~(1) A person who is not a resident of this state;~~

41 ~~(2) a person who has not been a resident of this state for at least four~~  
42 ~~years immediately preceding the date of application;~~

43 ~~(3) a person who has a beneficial interest in a manufacturer;~~

1 distributor, farm winery or microbrewery licensed under this act, except  
 2 that the spouse of an applicant for a retailer's license may own and hold a  
 3 farm winery license, microbrewery license, or both, if the spouse does not  
 4 hold a retailer's license issued under this act;

5 ~~(4) a person who has a beneficial interest in any other retail~~  
 6 ~~establishment licensed under this act, except that the spouse of a licensee~~  
 7 ~~may own and hold a retailer's license for another retail establishment;~~

8 ~~(5) a copartnership, unless all of the copartners are qualified to obtain~~  
 9 ~~a license;~~

10 ~~(6) a corporation; or~~

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

15 *(A) Person who has a beneficial interest in a manufacturer,*  
 16 *distributor, farm winery or microbrewery licensed under this act, except*  
 17 *that the spouse of an applicant for a retailer's license may own and hold a*  
 18 *farm winery license, microbrewery license, or both, if the spouse does not*  
 19 *hold a retailer's license issued under this act; or*

20 *(B) corporation, if any officer, director or manager of the licensed*  
 21 *premises, or any stockholder owning in the aggregate more than 15% of*  
 22 *the stock of the corporation would be ineligible to receive a retailer's*  
 23 *license for any reason specified in subsection (a) other than citizenship*  
 24 *requirements.*

25 *(2) No wine and beer retailer's license shall be issued to a person*  
 26 *who is not engaged in business as a convenience store or grocery store,*  
 27 *except that a license may be issued to such person if, upon issuance of the*  
 28 *license, such person engages in business as a convenience store or*  
 29 *grocery store.*

30 *(3) No liquor retailer's license shall be issued to a person who is not*  
 31 *engaged in business as a liquor store, except that a license may be issued*  
 32 *to such person if, upon issuance of the license, such person engages in*  
 33 *business as a liquor store.*

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

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

39 (2) a copartnership, unless all of the copartners shall have been  
 40 residents of this state for at least five years immediately preceding the date  
 41 of application and unless all the members of the copartnership would be  
 42 eligible to receive a manufacturer's license under this act;

43 (3) a trust, if any grantor, beneficiary or trustee would be ineligible to

1 receive a license under this act for any reason, except that the provisions of  
2 subsection (a)(6) shall not apply in determining whether a beneficiary  
3 would be eligible for a license;

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

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

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

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

11 (1) A corporation, if any officer, director or stockholder of the  
12 corporation would be ineligible to receive a distributor's license for any  
13 reason. It shall be unlawful for any stockholder of a corporation licensed  
14 as a distributor to transfer any stock in the corporation to any person who  
15 would be ineligible to receive a distributor's license for any reason, and  
16 any such transfer shall be null and void, except that: (A) If any stockholder  
17 owning stock in the corporation dies and an heir or devisee to whom stock  
18 of the corporation descends by descent and distribution or by will is  
19 ineligible to receive a distributor's license, the legal representatives of the  
20 deceased stockholder's estate and the ineligible heir or devisee shall have  
21 14 months from the date of the death of the stockholder within which to  
22 sell the stock to a person eligible to receive a distributor's license, any such  
23 sale by a legal representative to be made in accordance with the provisions  
24 of the probate code; or (B) if the stock in any such corporation is the  
25 subject of any trust and any trustee or beneficiary of the trust who is 21  
26 years of age or older is ineligible to receive a distributor's license, the  
27 trustee, within 14 months after the effective date of the trust, shall sell the  
28 stock to a person eligible to receive a distributor's license and hold and  
29 disburse the proceeds in accordance with the terms of the trust. If any legal  
30 representatives, heirs, devisees or trustees fail, refuse or neglect to sell any  
31 stock as required by this subsection, the stock shall revert to and become  
32 the property of the corporation, and the corporation shall pay to the legal  
33 representatives, heirs, devisees or trustees the book value of the stock.  
34 During the period of 14 months prescribed by this subsection, the  
35 corporation shall not be denied a distributor's license or have its  
36 distributor's license revoked if the corporation meets all of the other  
37 requirements necessary to have a distributor's license;

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

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

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

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

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

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

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

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

20 (4) copartnership, unless all of the copartners are qualified to obtain a  
21 license;

22 (5) corporation, unless stockholders owning in the aggregate 50% or  
23 more of the stock of the corporation would be eligible to receive such  
24 license and all other stockholders would be eligible to receive such license  
25 except for reason of citizenship or residency; or

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

30 (g) The provisions of subsections ~~(b)(1), (b)(2)~~, (c)(3), (c)(4), (d)(3),  
31 (f)(1) and K.S.A. 2016 Supp. 41-311b, and amendments thereto, shall not  
32 apply in determining eligibility for the 10<sup>th</sup>, or a subsequent, consecutive  
33 renewal of a license if the applicant has appointed a citizen of the United  
34 States who is a resident of Kansas as the applicant's agent and filed with  
35 the director a duly authenticated copy of a duly executed power of  
36 attorney, authorizing the agent to accept service of process from the  
37 director and the courts of this state and to exercise full authority, control  
38 and responsibility for the conduct of all business and transactions within  
39 the state relative to alcoholic liquor and the business licensed. The agent  
40 must be satisfactory to and approved by the director, except that the  
41 director shall not approve as an agent any person who:

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

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

6 (3) has been convicted of being the keeper or is keeping any property,  
7 whether real or personal, where sexual relations are being sold or offered  
8 for sale by a person who is 18 years of age or older or has forfeited bond to  
9 appear in court to answer charges of being a keeper of any property,  
10 whether real or personal, where sexual relations are being sold or offered  
11 for sale by a person who is 18 years of age or older;

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

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

17 Sec. 11. K.S.A. 2016 Supp. 41-313 is hereby amended to read as  
18 follows: 41-313. (a) No corporation, either organized under the laws of  
19 this state, any other state or a foreign country, shall be issued a *retailer's*,  
20 manufacturer's, distributor's, microbrewery, microdistillery or farm winery  
21 license unless the corporation has first ~~procured a certificate of authority~~  
22 ~~from~~ *filed a formation document with* the secretary of state to do business  
23 in this state as provided by law, appointed a citizen of the United States,  
24 and resident of Kansas, as its *resident* agent and filed with the director a  
25 duly authenticated copy of a duly executed power of attorney, authorizing  
26 the agent to accept service of process from the director and the courts of  
27 this state and to exercise full authority of the corporation and full authority,  
28 control and responsibility for the conduct of all business and transactions  
29 of the corporation within the state relative to alcoholic liquor and the  
30 business licensed. The agent must be satisfactory to and approved by the  
31 director with respect to the agent's character. The agent shall at all times be  
32 maintained by the corporation.

33 In addition, any corporation organized under the laws of any other state  
34 or foreign country, as a condition precedent to the issuance to it of any  
35 license, shall file with the secretary of state of the state of Kansas, a duly  
36 authorized and executed power of attorney, authorizing the secretary of  
37 state to accept service of process from the director and the courts of this  
38 state and to accept service of any notice or order provided for in this act,  
39 and all such acts by the secretary of state shall be fully binding upon the  
40 corporation.

41 (b) Every nonresident applicant on applying for a license or permit  
42 under this act, and as a condition precedent to obtaining such license or  
43 permit, shall file with the secretary of state of this state its written consent,



1 irrevocable, that any action or garnishment proceeding may be  
2 commenced against such applicant in the proper court of any county in this  
3 state in which the cause of action shall arise or in which the plaintiff may  
4 reside by the service of process on the resident agent specified in  
5 subsection (a), and stipulating and agreeing that such service shall be taken  
6 and held in all courts to be as valid and binding as if due service had been  
7 made upon the applicant. The written consent shall state that the courts of  
8 this state have jurisdiction over the person of such applicant and are the  
9 proper and convenient forum for such action and shall waive the right to  
10 request a change of jurisdiction or venue to a court outside this state and  
11 that all actions arising under this act and commenced by the applicant shall  
12 be brought in this state's courts as the proper and convenient forum. Such  
13 consent shall be executed by the applicant and if a corporation, by the  
14 president and secretary of the corporate applicant, and shall be  
15 accompanied by a duly certified copy of the order or resolution of the  
16 board of directors, trustees or managers authorizing the president and  
17 secretary to execute the same.

18 Sec. 12. K.S.A. 2016 Supp. 41-326 is hereby amended to read as  
19 follows: 41-326. (a) A license shall be purely a personal privilege; *and*  
20 *shall not constitute property. A license shall be valid for a period not to*  
21 *exceed two years after issuance, except as otherwise provided by law,*  
22 *except as provided by K.S.A. 41-310(m), and amendments thereto, unless*  
23 *sooner suspended, involuntarily canceled or revoked, and shall not*  
24 *constitute property, nor shall it. A license shall not be subject to*  
25 *attachment, garnishment or execution, nor shall it and shall not be*  
26 *alienable or transferable, voluntarily or involuntarily, or except as*  
27 *provided by law. A license shall not be subject to being encumbered or*  
28 *hypothecated. A license shall not descend by the laws of testate or intestate*  
29 *devolution but shall cease and expire upon the death of the licensee except*  
30 *that executors, administrators or representatives of the estate of any*  
31 *deceased licensee and the trustee of any insolvent or bankrupt licensee,*  
32 *when such estate consists in part of alcoholic liquor, may continue the*  
33 *business of the sale, distribution or manufacture of alcoholic liquor under*  
34 *order of the appropriate court and may exercise the privilege of the*  
35 *deceased, insolvent or bankrupt licensee after the death of such decedent,*  
36 *or after such insolvency or bankruptcy, until the expiration of such license*  
37 *but not longer than one year after the death, bankruptcy or insolvency of*  
38 *such licensee.*

39 (b) When the licensee pays the full amount of the license fee upon  
40 application and is prevented from operating under such license in  
41 accordance with the provisions of this act for the entire second year of the  
42 license term, a refund shall be made of one-half of the license fee paid by  
43 such licensee. The secretary of revenue may adopt rules and regulations

1 pursuant to K.S.A. 41-210, and amendments thereto, which provide for the  
2 authorization of refunds of one-half of the license fee paid when the  
3 licensee does not use such license for the entire second year of the license  
4 term as a result of the cancellation of the license upon the request of the  
5 licensee for voluntary reasons.

6 Sec. 13. K.S.A. 2016 Supp. 41-713 is hereby amended to read as  
7 follows: 41-713. (a) It shall be unlawful for a retailer of alcoholic liquor:

8 (1) To permit any person to mix drinks in or on the licensed premises,  
9 except as provided in subsection (b);

10 (2) ~~to employ any person under the age of 21 years in connection~~  
11 ~~with the operation of such retail establishment~~ *authorize or allow any*  
12 *person under the age of 18 years to sell at retail any alcoholic liquor at*  
13 *the point of sale or to stock or handle alcoholic liquor; or*

14 (3) ~~to employ any person in connection with the operation of such~~  
15 ~~retail establishment~~ *authorize or allow any person who has been adjudged*  
16 *guilty of a felony to sell at retail any alcoholic liquor at the point of sale.*

17 (b) The provisions of subsection (a)(1) shall not apply to the  
18 preparation or mixing of samples for the purposes of conducting wine,  
19 beer or distilled spirit tastings, or any combination thereof, as authorized  
20 by K.S.A. 2016 Supp. 41-308d, and amendments thereto.

21 (c) *A person who sells or handles alcoholic liquor on a retailer's*  
22 *licensed premises shall not be in violation of K.S.A. 41-727, and*  
23 *amendments thereto.*

24 Sec. 14. K.S.A. 2016 Supp. 79-4108 is hereby amended to read as  
25 follows: 79-4108. All revenue collected or received by the director of  
26 taxation from taxes imposed by K.S.A. 79-4101 to 79-4105, and  
27 amendments thereto, shall be remitted to the state treasurer in accordance  
28 with the provisions of K.S.A. 75-4215, and amendments thereto. *Except as*  
29 *otherwise provided in section 3, and amendments thereto,* upon receipt of  
30 each such remittance, the state treasurer shall deposit the entire amount in  
31 the state treasury to the credit of the state general fund. The state treasurer  
32 shall transfer any moneys remaining in the county and city alcoholic liquor  
33 control enforcement fund on the effective date of this act to the state  
34 general fund.

35 Sec. 15. K.S.A. 41-103 and 41-711 and K.S.A. 2016 Supp. 41-102,  
36 41-301, 41-303, 41-313, 41-326, 41-713 and 79-4108 are hereby repealed.

37 Sec. 16. On and after July 1, 2018, K.S.A. 2016 Supp. 41-304, 41-  
38 308, 41-310 and 41-311 are hereby repealed.

39 Sec. 17. This act shall take effect and be in force from and after its  
40 publication in the statute book.