
**Alcoholic Beverage Control
Division**
Legislative Briefing



Debbi Beavers, Director

January 16, 2019

Email: debbi.beavers@ks.gov | Phone: 785.368.6290

ABC Mission

It is the mission of the Alcoholic Beverage Control (ABC) division to promote, serve and protect the health, safety and welfare of Kansans by regulating the liquor industry and enforcing liquor laws and other laws administered by the Kansas Department of Revenue (KDOR).

ABC Priorities

The ABC division continues to place an emphasis on customer service, helping liquor licensees be compliant with liquor laws and improving division efficiencies and services.

To administer and enforce liquor laws in the most efficient, effective and responsive manner, the ABC division is striving to make it easier for liquor licensees to comply with liquor laws through:

1. New license delivery: Enforcement agents deliver the majority of in-state new licenses in person and educate new business owners/managers, share best practices and answer their questions on how to comply with liquor laws. This promotes a sense of partnership between licensees and the ABC.
2. Online Information: the ABC provides an easily navigated website with online references to assist licensees in becoming and remaining compliant with liquor laws. Included on the website are:
 - a. Handbooks for each license type ensuring licensees have statutory requirements and expectations in one easy to read guide.
 - b. Statutes and regulations.
 - c. Links to our online system for licensing, label registration and payments.
3. Social media: the ABC's Facebook page is geared toward education and improved interactions with liquor licensees and the ABC stakeholders.
4. Industry interactions: the ABC management conducts meetings with liquor industry representatives and performs on-premise visits to maintain open communication lines and promote transparency.
5. Enforcement: Emphasis is placed on changing the behavior of repeat violators through education and enforcement. Follow-up sales to underage compliance visits are conducted with the goal of reducing the rate of recidivism.

Significant Upcoming Change

The 2017 legislature passed SB 13 which becomes effective on April 1, 2019. Cereal malt beverage (CMB) retailers will be able to sell beer not more than 6% alcohol by volume (ABV) with no additional license.

The current snapshot of CMB retailer licenses is 2,715 as reported by cities/counties. No additional funding was allocated to the ABC for these licenses that will now be under the oversight of the ABC.

The ABC held meetings to discuss the implementation of these changes, working with industry members to reach an agreement on certain one-time conditions for the transition. The ABC management participated in industry hosted meetings to provide information and discuss the transition.

2018 Legislative Changes

House Bill 2362 – effective July 1, 2018

- Established an ABC modernization fund to maintain, replace or upgrade computer hardware and software utilized for licensing, permitting, enforcement activities and legal case management. All license applicants will pay a \$20 non-refundable modernization fee at the time of application. The new license application fee was reduced from \$50 to \$30.

House Bill 2470 – effective May 24, 2018

Alcoholic Candy

- Legalized the sale of alcoholic candy or confectionary products. Alcoholic candy with an alcohol content of 1.0% or more of ABV must be sold in a retail liquor store. Alcoholic candy manufactured in Kansas requires a non-beverage user license if the alcohol content is .5% or more of ABV.

Microbreweries

- Authorized contract brewing between microbreweries in-state or out-of-state. Each microbrewery must count the total amount of barrels and gallons manufactured as part of the agreement and include it in the total amount of their allowed aggregate total of 60,000 barrels.
- Increased the maximum alcohol content in beer manufactured by a microbrewery to 15% alcohol by weight (ABW).
- Codified the current practice of a microbrewery refilling a container. The container must be 32 – 64 ounces. The microbrewery must affix a label with the licensee's name and the name of the type of beer in the container. Refilled containers must be sealed.

Farm Wineries, Microbreweries and Microdistilleries

- Removed the restriction on Sunday hours of sale allowing the licensee to be open 6:00 a.m. until midnight daily.

Clubs, Drinking Establishments and Public Venues

- Changed the hours of sale to 6:00 a.m. until 2:00 a.m. the following day.
- Authorized self-dispensing of up to 32 ounces of beer to the existing law regarding self-dispensing wine. The existing regulations were added to the statute.

Clubs, Drinking Establishments, Public Venues, Caterers and Temporary Permit Holders

- Defines "day" as 6:00 a.m. until 2:00 a.m. the following day.

House Bill 2502 – effective April 1, 2019

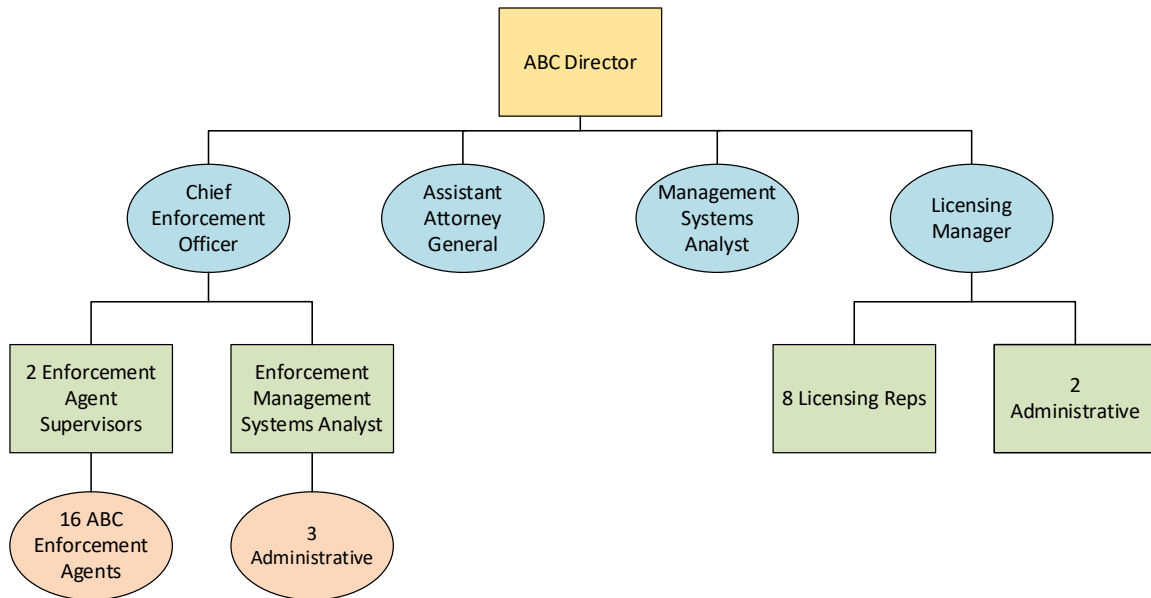
CMB Retailers

- Authorized the ABC to issue a citation for violations of the CMB act or rules and regulations regarding the sale, consumption or possession of beer containing not more than 6% ABV to a CMB retailer and impose a civil fine of not more than \$1,000 for each violation.
- Authorized the ABC director to refuse to issue the state CMB stamp if the applicant for a CMB retailer's license owes any fines imposed by the director.
- Amended the definition of CMB in K.S.A. 41-2701 for sales tax to clarify that beer not more than 6% ABV sold by a CMB retailer is subject to sales tax.

Market Impact Study

- Clarified that the information required for the report to the 2029 legislature is based on information available to the ABC director.

ABC Organizational Chart



The ABC division is comprised of four work units:

- Administration
- Licensing
- Enforcement
- Legal

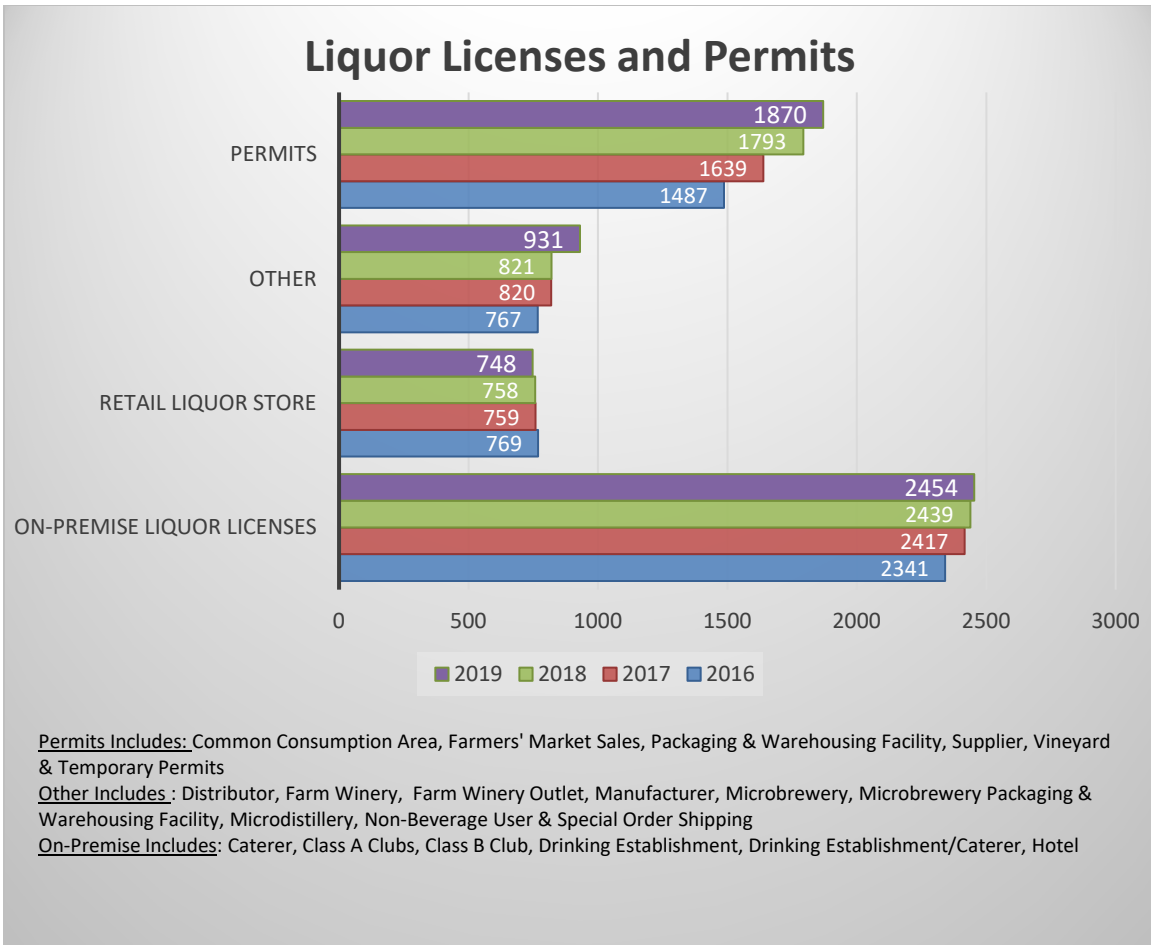
Administration

The ABC has one administrative assistant who processes mail, payments, fulfills CMB state stamps and keg tag orders, manages supplies and prepares various monthly reports. An administrative officer performs bureau contact duties, purchasing duties and manages the ABC grants and equipment.

Licensing

The licensing unit is staffed by a licensing manager and eight customer representative seniors who process and issue all liquor licenses and permits, register labels of alcoholic liquor and collect gallonage tax. An administrative specialist performs background checks to ensure all liquor license applicants are qualified and tracks CMB licensee information.

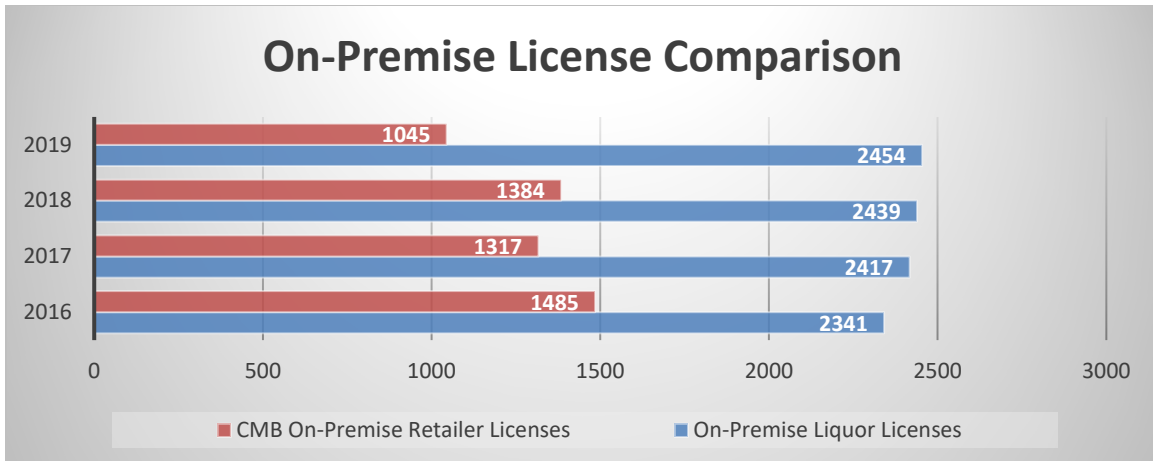
The following is a four-year snapshot taken each January capturing the number of liquor licenses and permits.



Cereal Malt Beverage (3.2% beer)

CMB retailers are licensed and regulated by the cities and counties. The locally issued CMB license allows the business to sell CMB and flavored malt beverages (FMB) containing 3.2% ABW or less. Effective April 1, 2019 CMB retailers will also be able to sell beer not more than 6% ABV without additional licensing from the ABC.





Gallonage Tax

The ABC licensing unit is responsible for collecting gallonage taxes while the miscellaneous tax segment within the Division of Taxation is responsible for collecting liquor enforcement and liquor drink taxes.

Gallonage Tax Rates per Gallon

Alcohol/Spirits	\$2.50	Fortified Wine	\$0.75
Beer, CMB and FMB	\$0.18	Light Wine	\$0.30

Liquor Revenue

Revenue Collected by the ABC

Revenue Source	FY 2015	FY 2016	FY 2017	FY 2018
Liquor License, Registration & Permit fees	\$2,322,678	\$3,587,352	\$2,590,848	\$3,562,016
Label fees	\$1,008,480	\$1,183,855	\$1,234,770	\$1,242,960
CMB Retail Stamps	\$84,210	\$78,975	\$76,375	\$84,925
ABC Liquor Fines	\$471,153	\$224,433	\$359,625	\$317,791
Gallonage – Alcohol & Spirits	\$10,498,059	\$10,692,777	\$10,925,959	\$11,304,926
Gallonage – Beer	\$8,149,230	\$8,326,418	\$7,951,621	\$8,033,170
Gallonage – CMB	\$1,566,165	\$1,409,987	\$1,543,341	\$1,478,506
Gallonage – Wine	\$1,721,203	\$1,763,212	\$1,652,696	\$1,643,063
Total	\$25,821,178	\$27,267,009	\$26,335,235	\$27,667,357

Tax Revenue Collected by the Division of Taxation

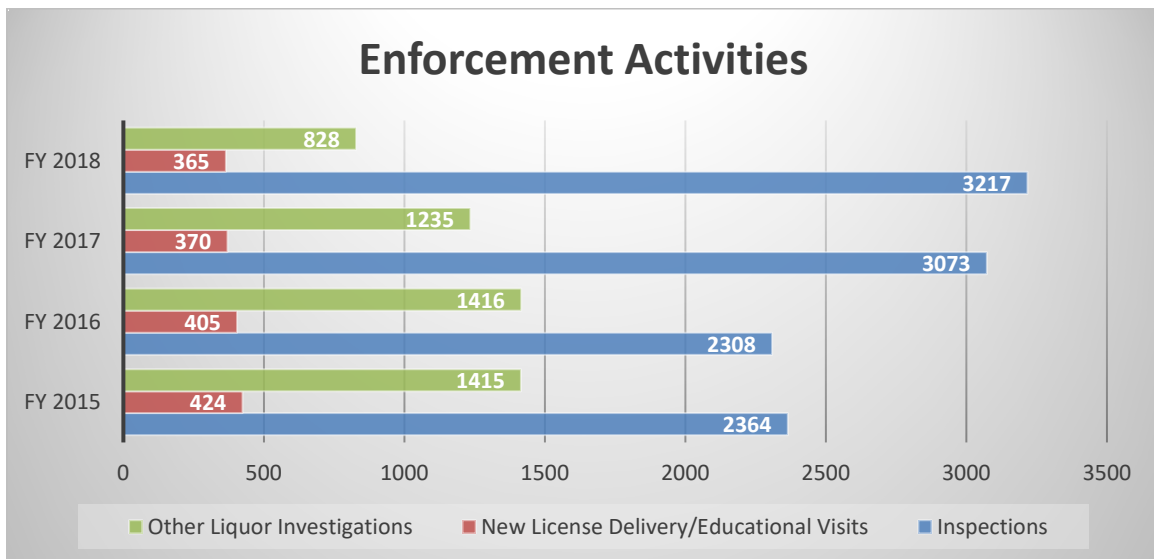
Tax Type	FY 2015	FY 2016	FY 2017	FY 2018
Liquor Enforcement (8% tax)	\$68,505,242	\$67,754,222	\$71,527,599	\$73,474,859
Liquor Drink (10% tax)	\$42,149,374	\$43,792,301	\$44,164,016	\$46,190,396
Total	\$110,654,616	\$111,546,523	\$115,691,615	\$119,665,255

Enforcement

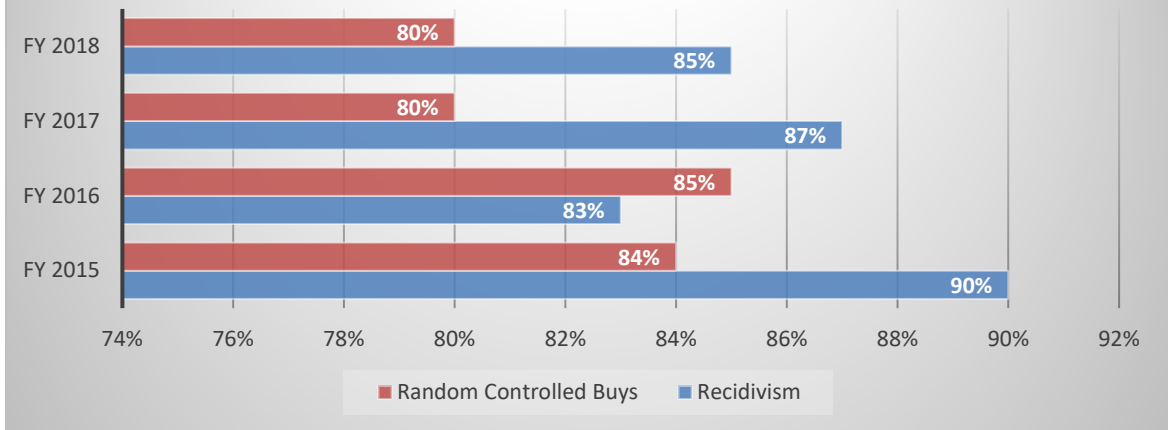
The enforcement unit provides investigative services necessary for the division to effectively enforce the liquor laws. There are currently 17 enforcement agent positions commanded by a chief enforcement officer. Enforcement agents are certified law enforcement officers whose priorities are:

1. Educate and Train
 - a. Licensees, owners and managers on liquor law compliance.
 - b. Local law enforcement officers, Regional Prevention Centers (RPC) and other coalitions.
2. Investigations
 - a. Applicant qualifications.
 - b. Potential hidden ownerships.
 - c. Underage enforcement activities including controlled-buy investigations, bar checks and furnisher checks.
 - d. Complaints.
3. Enforcement Activities
 - a. Licensee compliance through routine inspections.
 - b. Joint enforcement operations with law enforcement agencies focusing on issues related to public safety including underage laws, over-service and source investigations i.e. Fake ID Task Force and Operation Safe Streets.
 - c. Enforce the tax on illegal drugs on behalf of the director of taxation.

Investigations resulting in alleged licensee violations are presented to the ABC Assistant Attorney General (AAG) for potential administrative action against the license. Enforcement agents present cases of alleged criminal violations to the county or district attorney for possible criminal prosecution against the individual suspect.



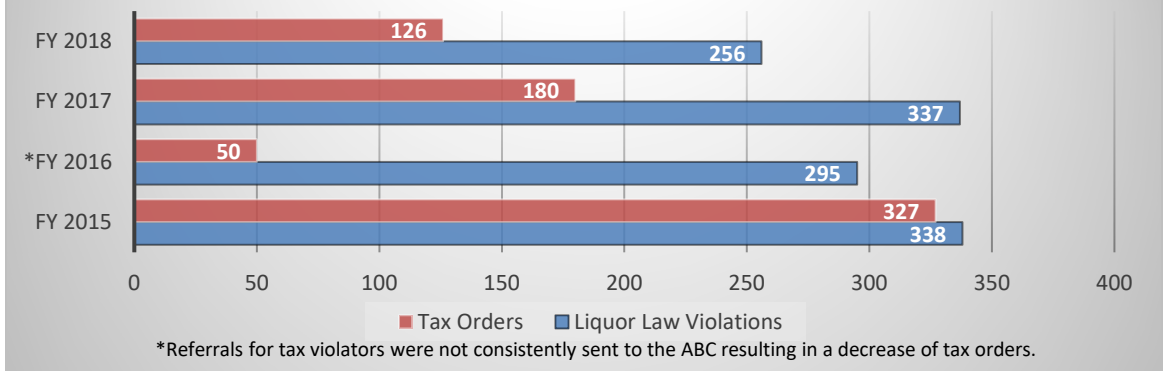
Licensee Compliance Rate - Underage Sales



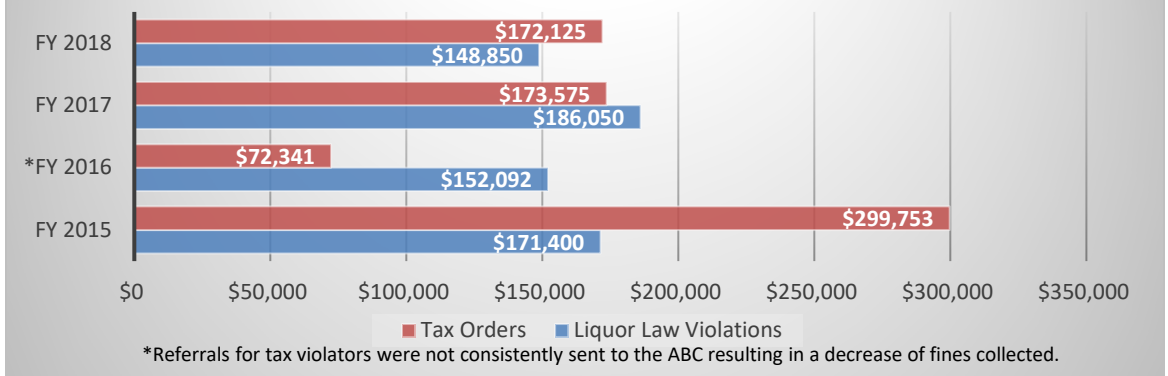
Legal

The legal unit is staffed by a legal assistant and an administrative specialist who prepare administrative cases for review by the AAG. They also process legal orders and set dockets for hearings before the director of the ABC.

Liquor Citations Issued



Liquor Fines Collected



Drug Tax Enforcement

ABC enforcement agents enforce the tax on illegal drugs across the state by issuing drug tax assessments, executing tax warrants and securing property from drug tax violators to satisfy the drug tax debt. The number of assessments were:

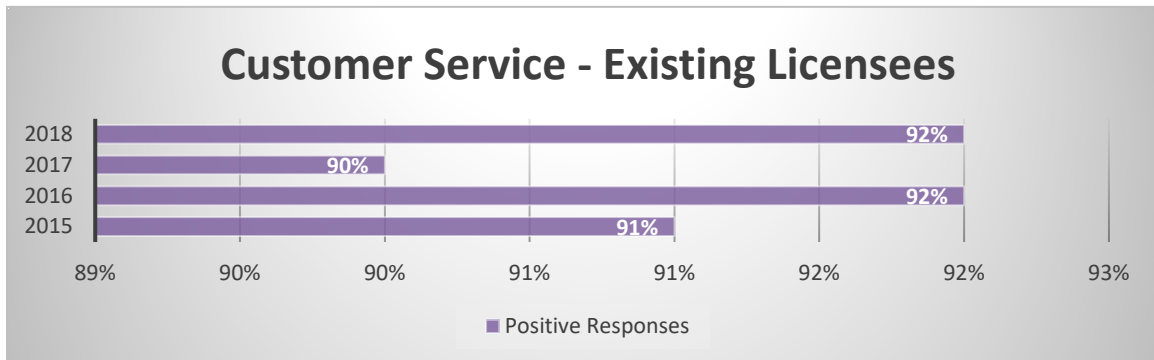
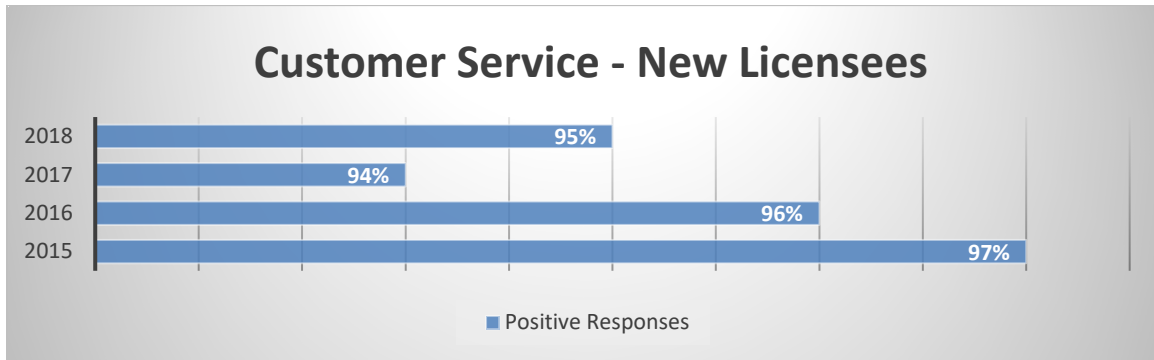
Drug Tax Activities	FY 2015	FY 2016	FY 2017	FY 2018
Assessments	288	126	84	96

Licensee Surveys

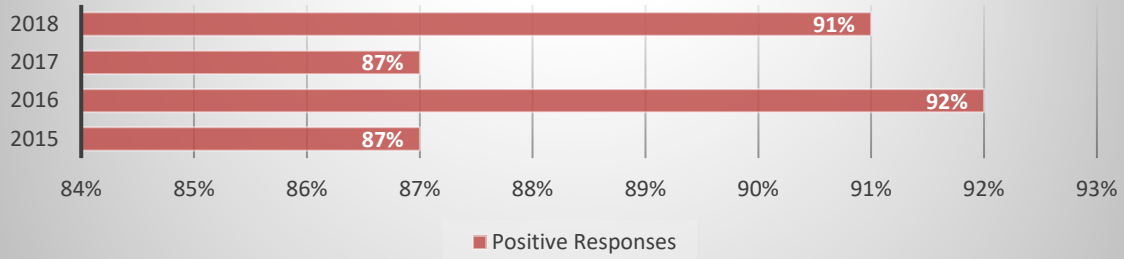
The ABC is focused on providing excellent customer service and maintaining a level playing field. To measure the effectiveness and perception of the ABC, three anonymous surveys are emailed monthly. In 2018, the ABC surveyed 2,368 licensees.

1. **New Licensee Survey.** Sent to all new licensees who provided an email address. Focus is on the licensing experience, license delivery and education provided by their local enforcement agent.
2. **Existing Licensee Survey.** Sent to randomly selected existing licensees focusing on customer service, division services and ease of compliance with liquor laws.
3. **Enforcement Survey.** Sent to randomly selected existing licensees focusing on regulation of the industry and maintenance of a level playing field for licensees.

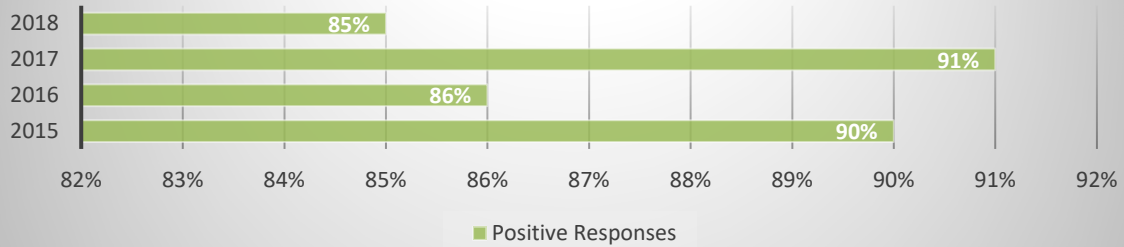
October 2018 survey comment: *“I have been a licensee for almost 30 years. The evolution to the current day ‘ABC’ has been one we are proud of. Great customer service and transparency. Agents are easy to communicate with and available. Thank you.”*



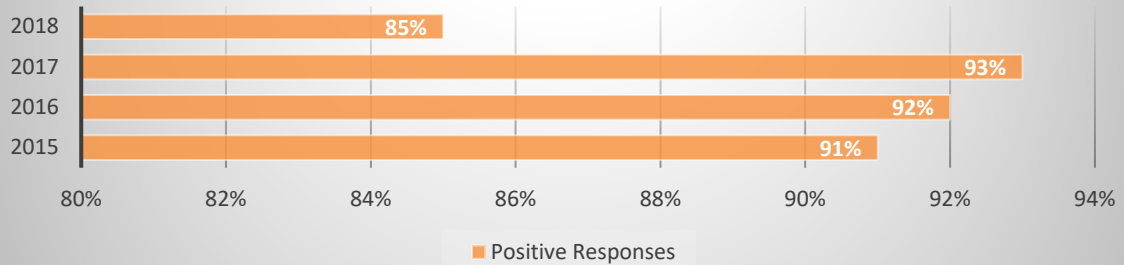
Have Division Services Improved?



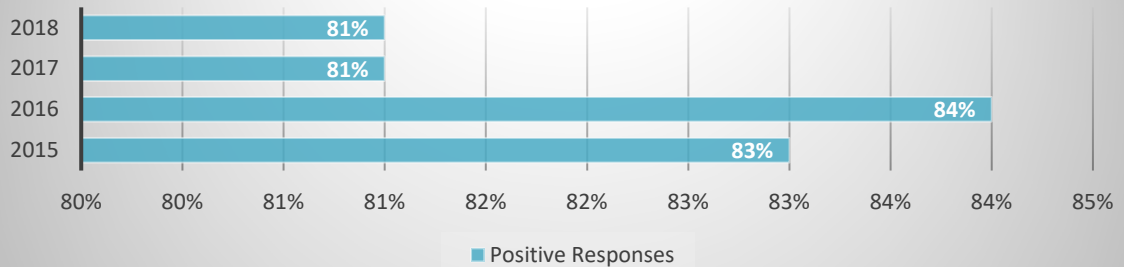
ABC Ensures a Level Playing Field



ABC Holds Violators Accountable



Penalties are Fair, Effective and Reasonable



Public One Stop Service Engine (POSSE) ABC System Update

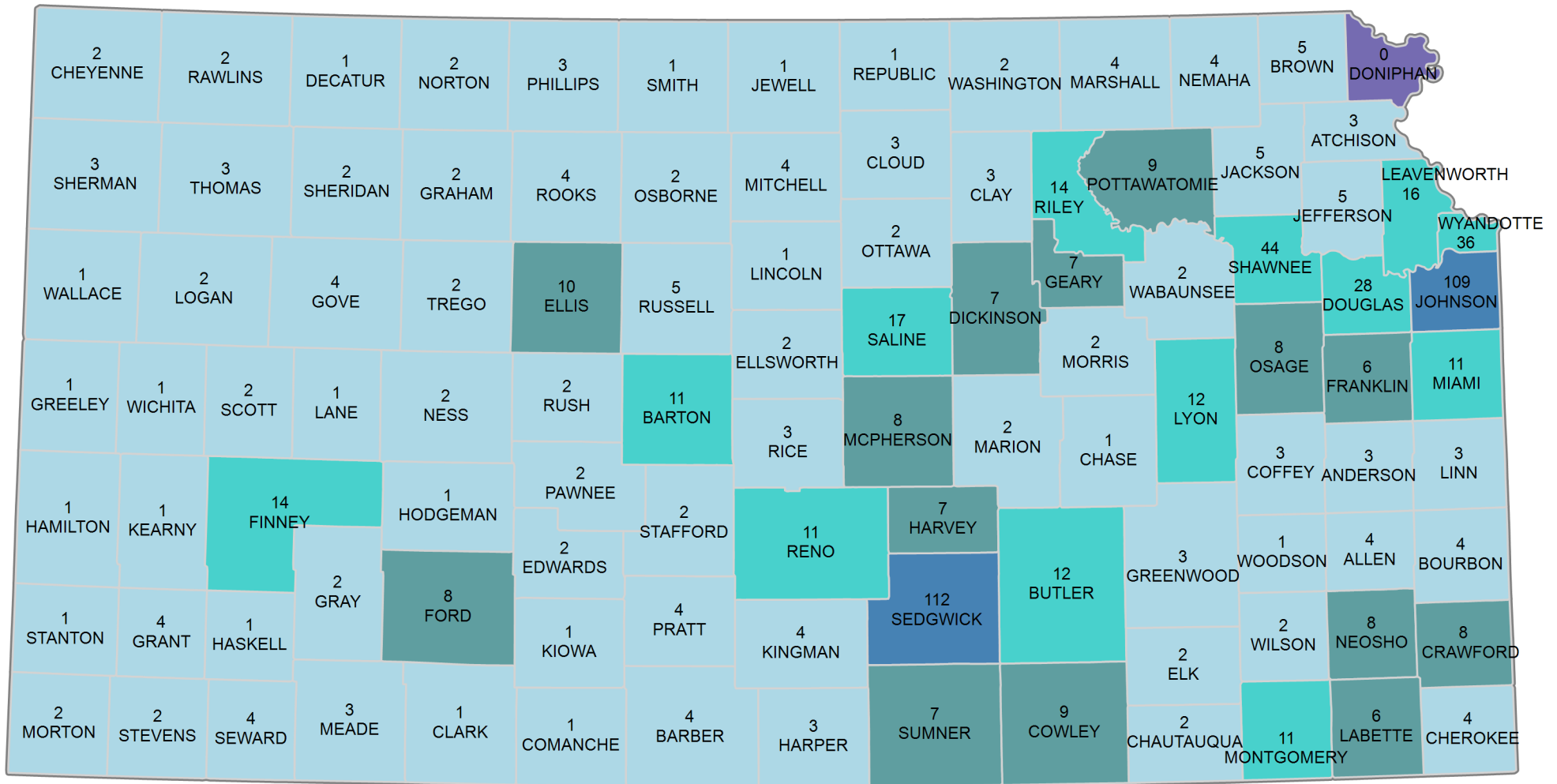
In late 2014, the ABC successfully implemented a new computer system allowing licensees to manage their account and pay online. Last year, 61% of all applications were received online.

The POSSE software system was upgraded in 2018 and is hosted by the vendor in the cloud. The brand registration module was also added to the system allowing manufacturers and suppliers to manage their Kansas licenses and brand labels within one online system. Users will realize significant savings when registering brand labels with this new module.

2019 Map Attachments:

1. Off-Premise Retailer Licenses
2. On-Premise Licenses
3. Liquor-by-the-Drink (Wet/Dry Counties)
4. Dry Cities (No Retail Sales)
5. Distributor Licenses
6. Farm Winery and Outlet Licenses
7. Microbrewery Licenses
8. Microdistillery Licenses
9. Manufacturer Licenses
10. CMB Off-Premise Retailers – licensed & regulated by cities and counties
11. CMB On-Premise Retailers – licensed & regulated by cities and counties
12. Common Consumption Area Permits
13. Vineyard Permits

Kansas Off-Premise Retailer Licenses

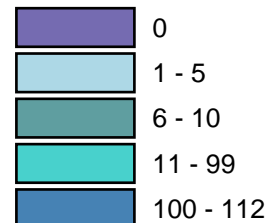


The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database.

of Counties

- (1)
- (75)
- (14)
- (13)
- (2)

of Licenses Per County

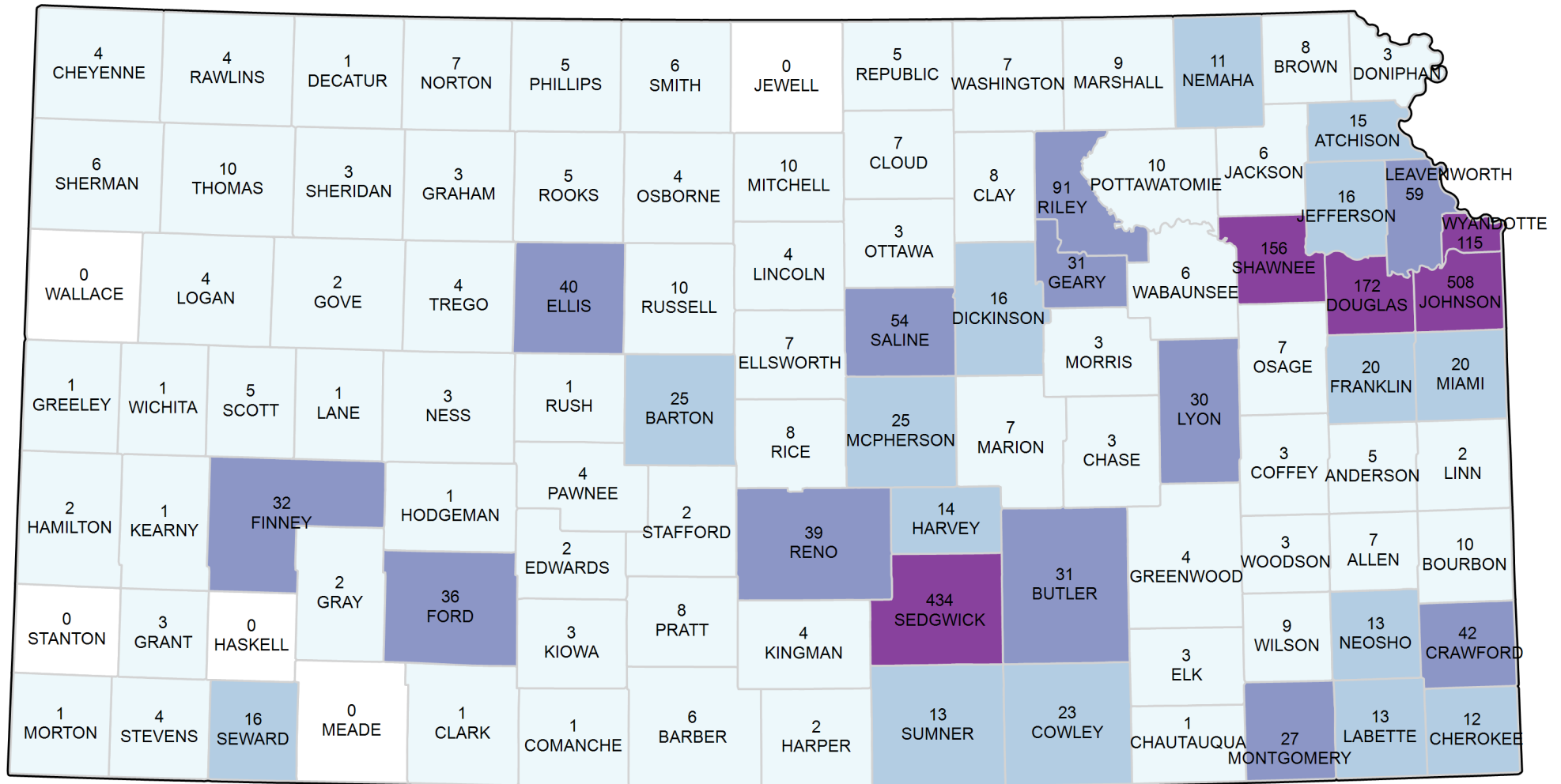


Total: 748 Retailer Licenses



January 7, 2019

Kansas On-Premise Licenses

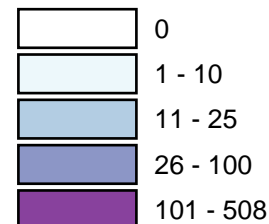


The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database.

of Counties

- (5)
- (68)
- (15)
- (12)
- (5)

of Licenses Per County

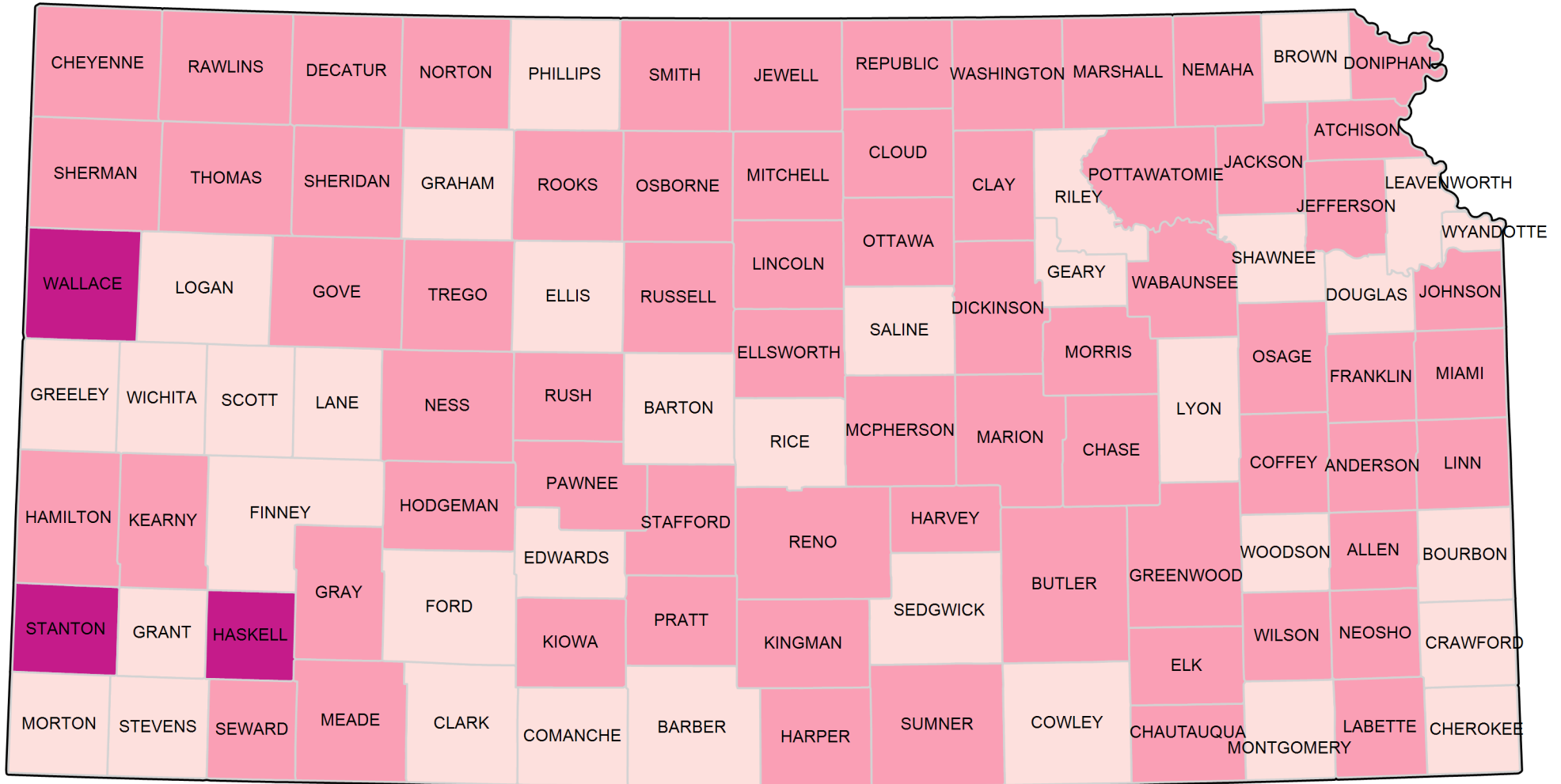


Total: 2,454 On-Premise Licenses



January 7, 2019

Kansas Liquor by the Drink Map (Wet and Dry Counties)



The data used for this map was submitted by the Kansas county clerks.

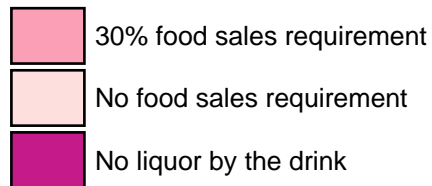
of Counties

(67)

(35)

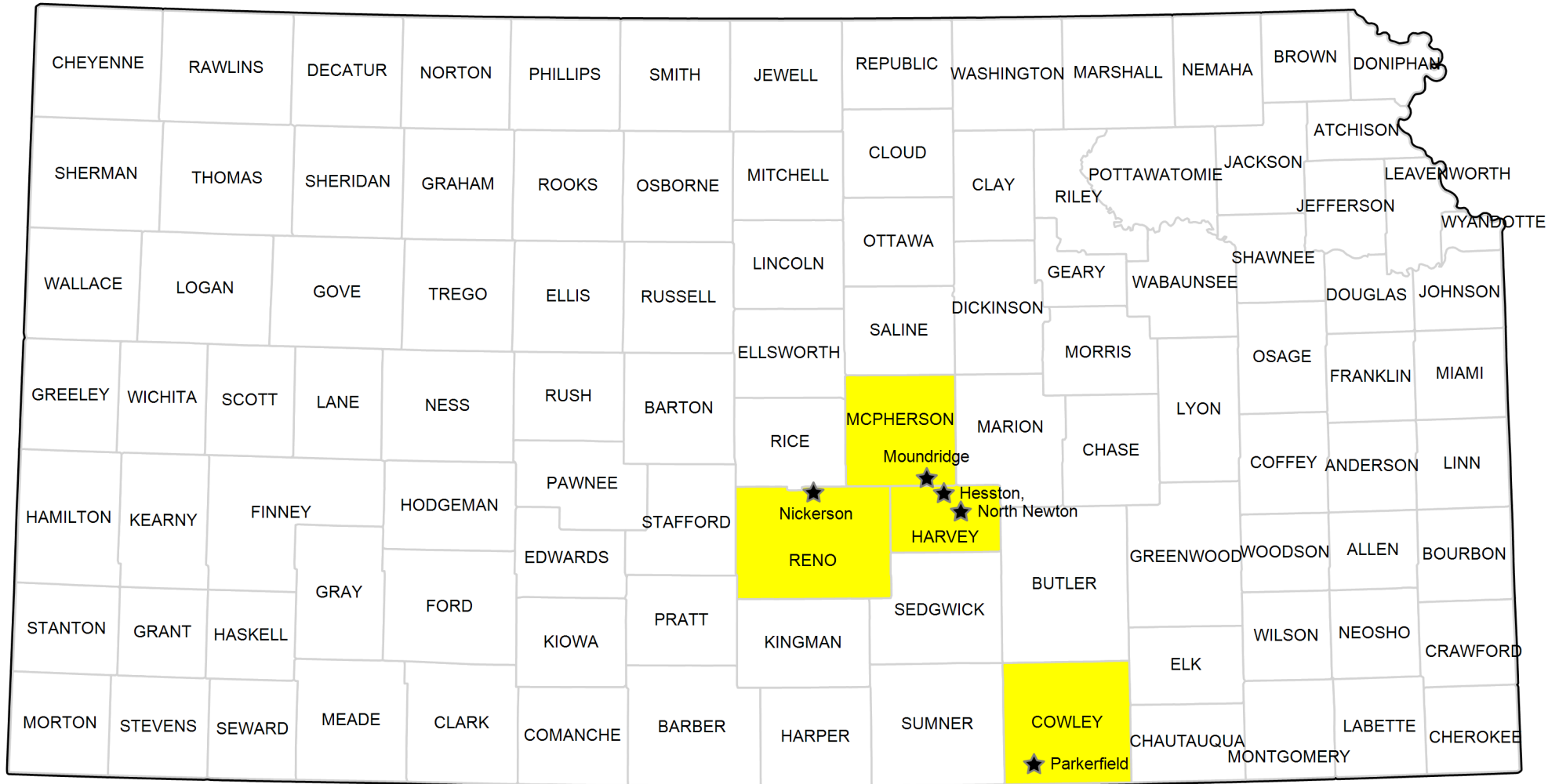
(3)

Total: 105



January 7, 2019

Kansas Map of Dry Cities (No Retail Liquor Store Sales)



Name of the City, County

Moundridge (McPherson County)

Parkerfield (Cowley County)

Hesston, North Newton (Harvey County)

Nickerson (Reno County)

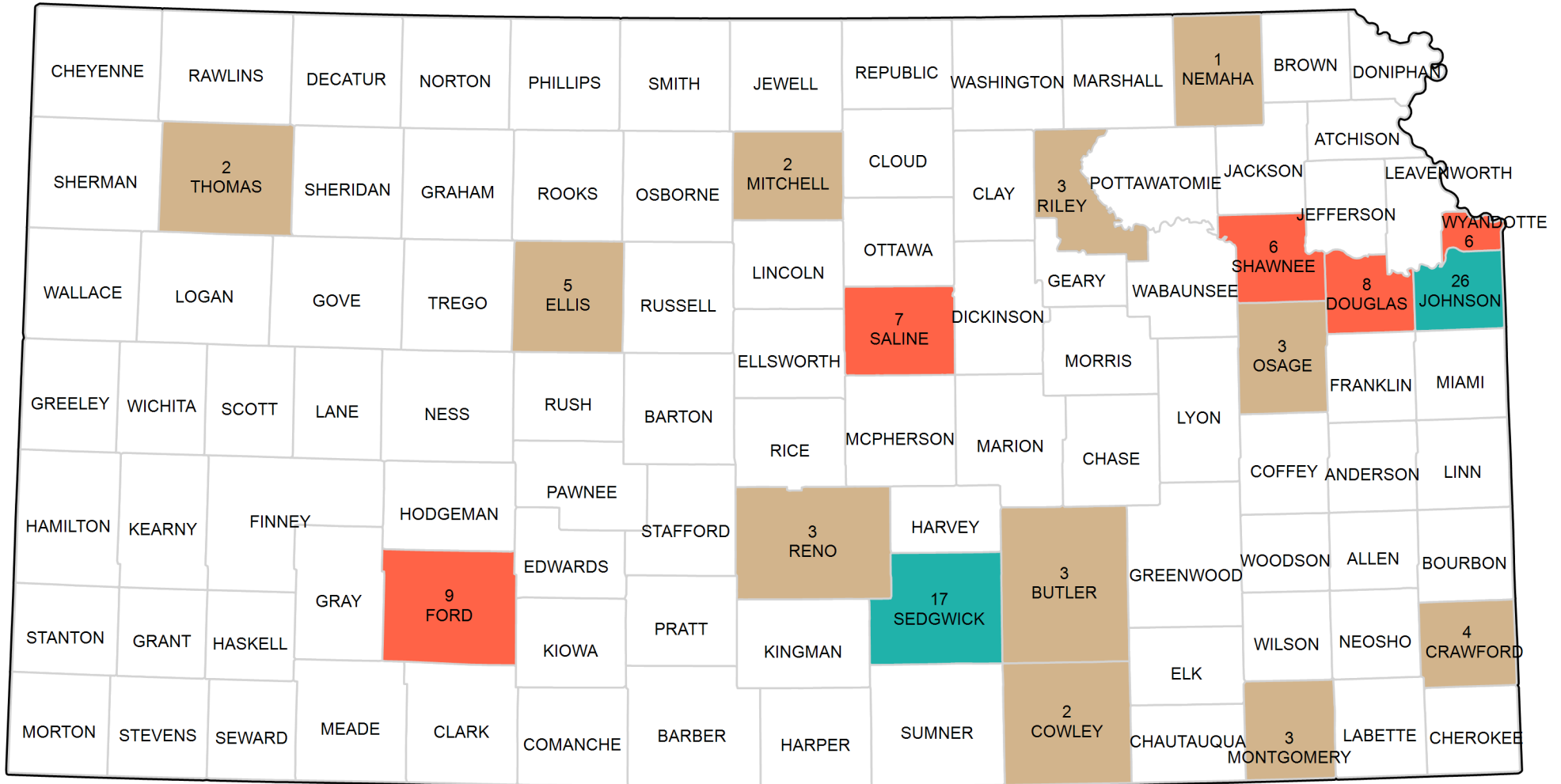
Total: 5 Dry Cities

The data used for this map was submitted by the Kansas city clerks.



January 7, 2019

Kansas Distributor Licenses



The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database.

of Counties

(11)

(5)

(2)

of Licenses Per County



1 - 5



6 - 10



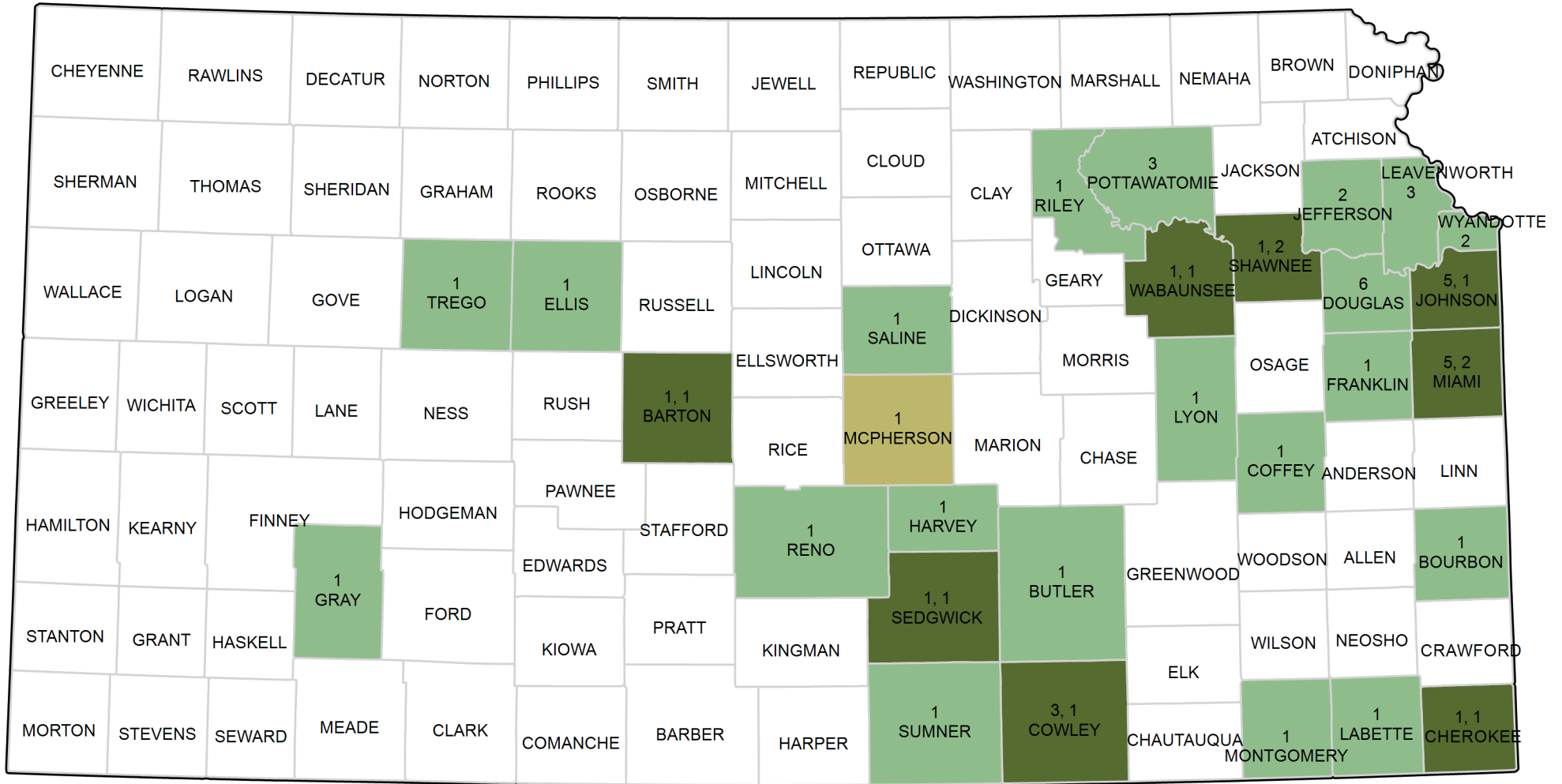
11 - 26

Total: 110 Distributor Licenses



January 7, 2019

Kansas Farm Winery and Outlet Licenses



The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database.

For Dark Green counties, the left number represents Farm Wineries and the right number represents Farm Winery Outlets.

of Counties
(20)
(8)
(1)

Counties with Wineries and Outlets



Farm Wineries

Farm Wineries and Farm Winery Outlets

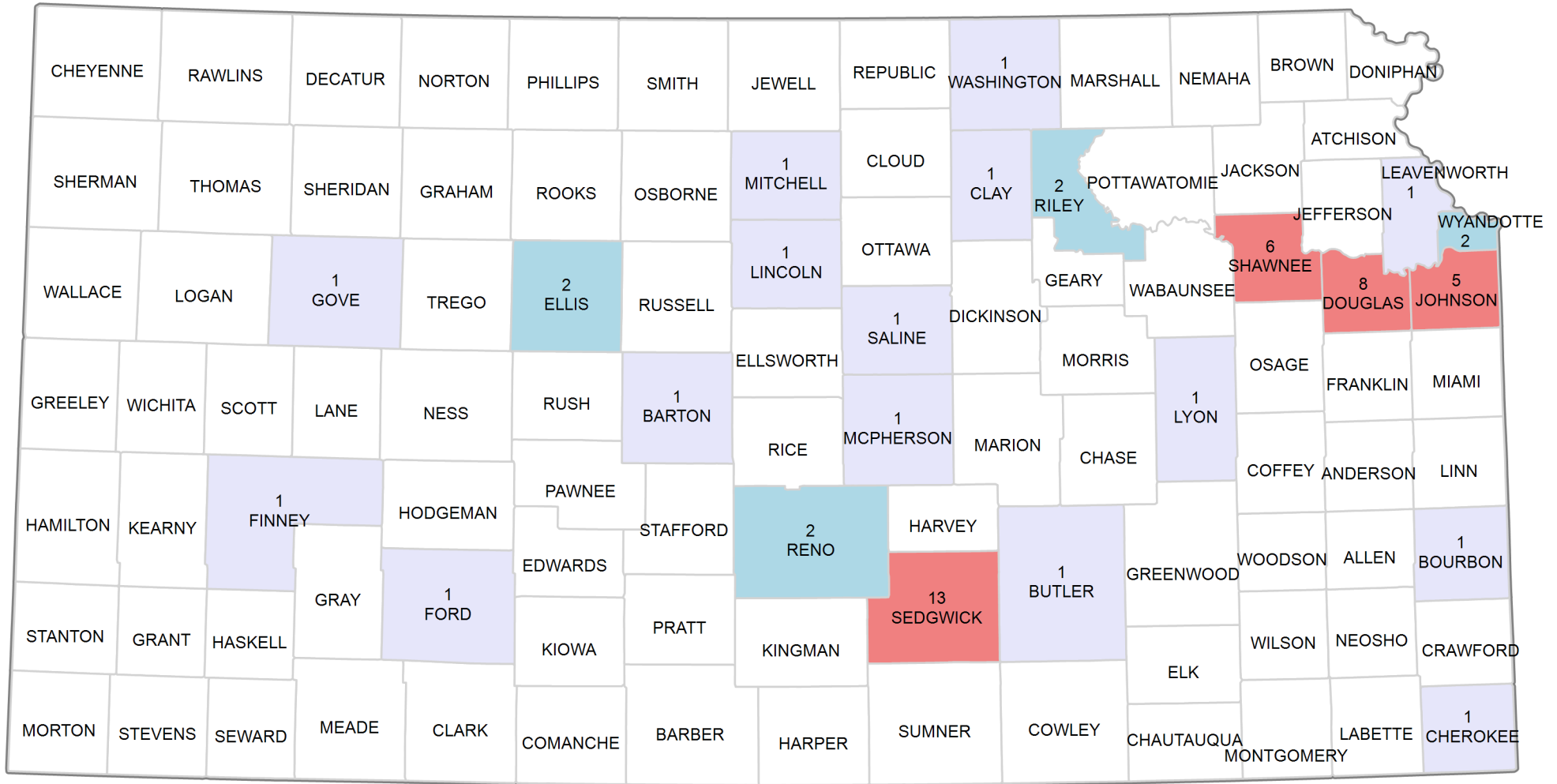
Farm Winery Outlets

Total: 49 Farm Winery Licenses
11 Farm Winery Outlet Licenses



January 7, 2019

Kansas Microbrewery Licenses



The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database.

of Counties

(15)

(4)

(4)

of Licenses Per County



1



2



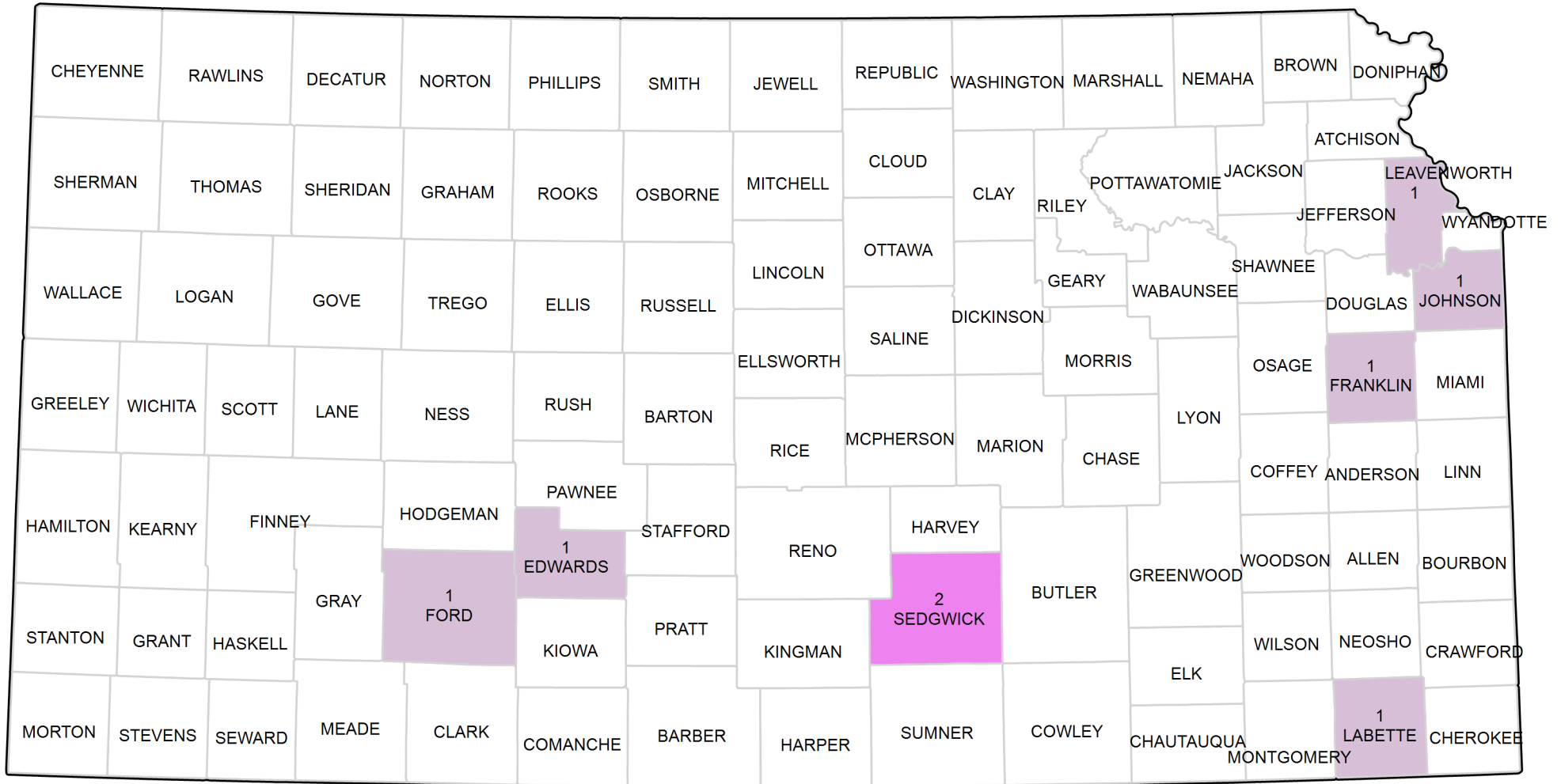
5+

Total: 55 Microbrewery Licenses



January 7, 2019

Kansas Microdistillery Licenses



The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database.

of Counties

(6)

(1)

of Licenses Per County



1



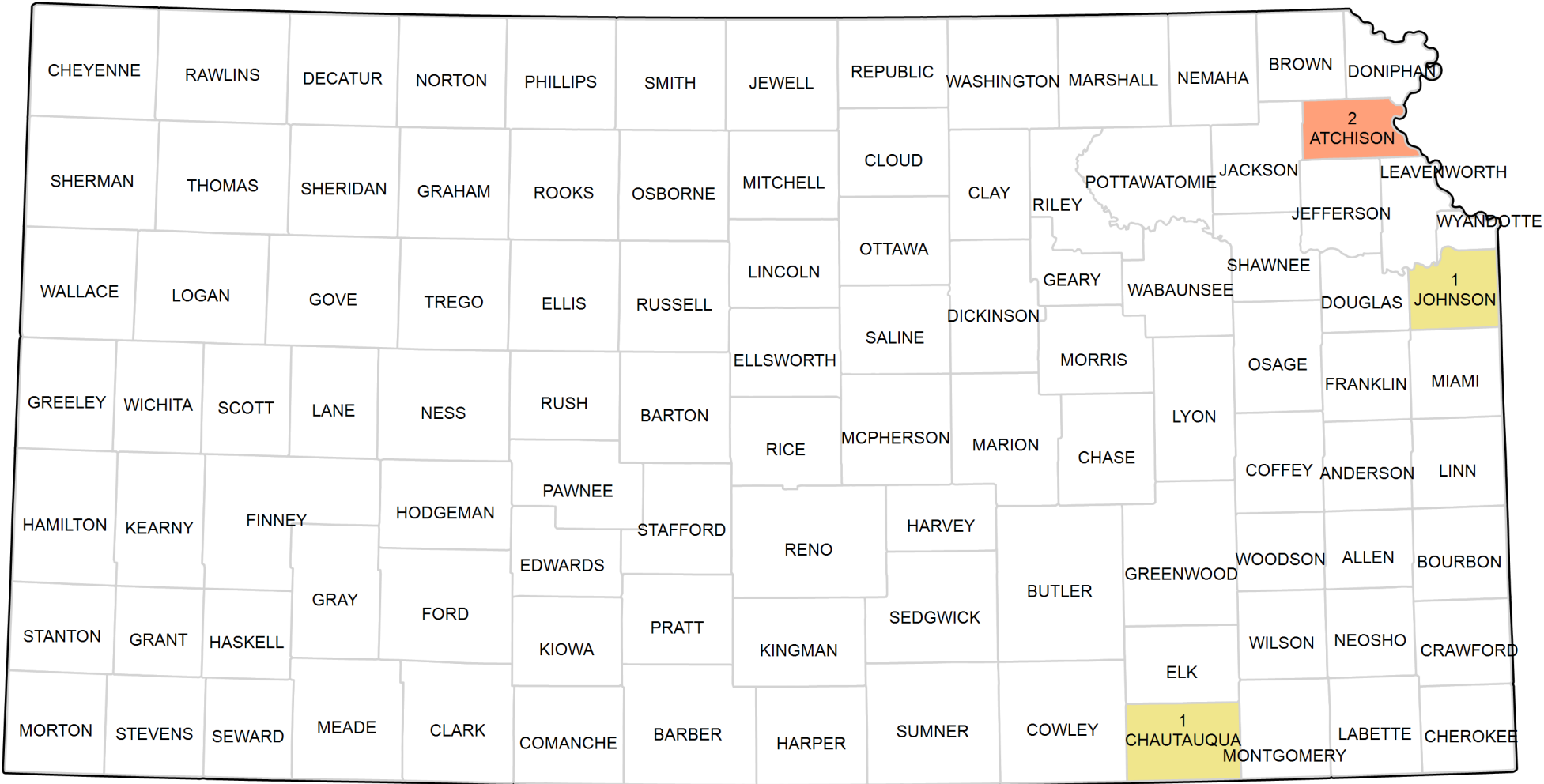
2

Total: 8 Microdistillery Licenses



January 7, 2019

Kansas Manufacturer Licenses



The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database.

of Counties

(2)

(1)

of Licenses Per County



1



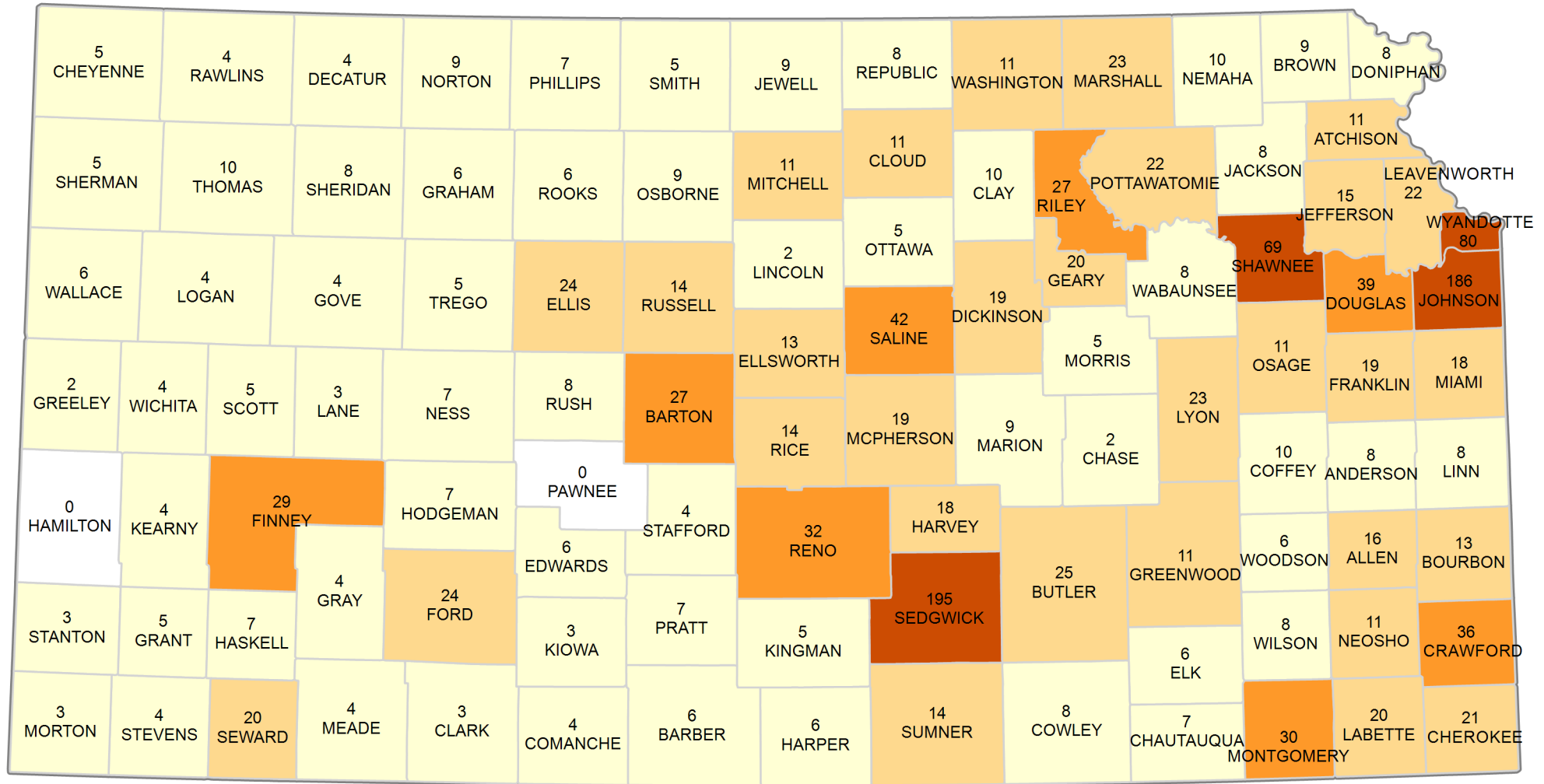
2

Total: 4 Manufacturer Licenses



January 7, 2019

Kansas Cereal Malt Beverage Licenses Off-Premise Retailers



of Counties

(61)

(30)

(8)

(4)

of Off-Premise Retailers Per County

1 - 10

11 - 25

26 - 50

51 - 195

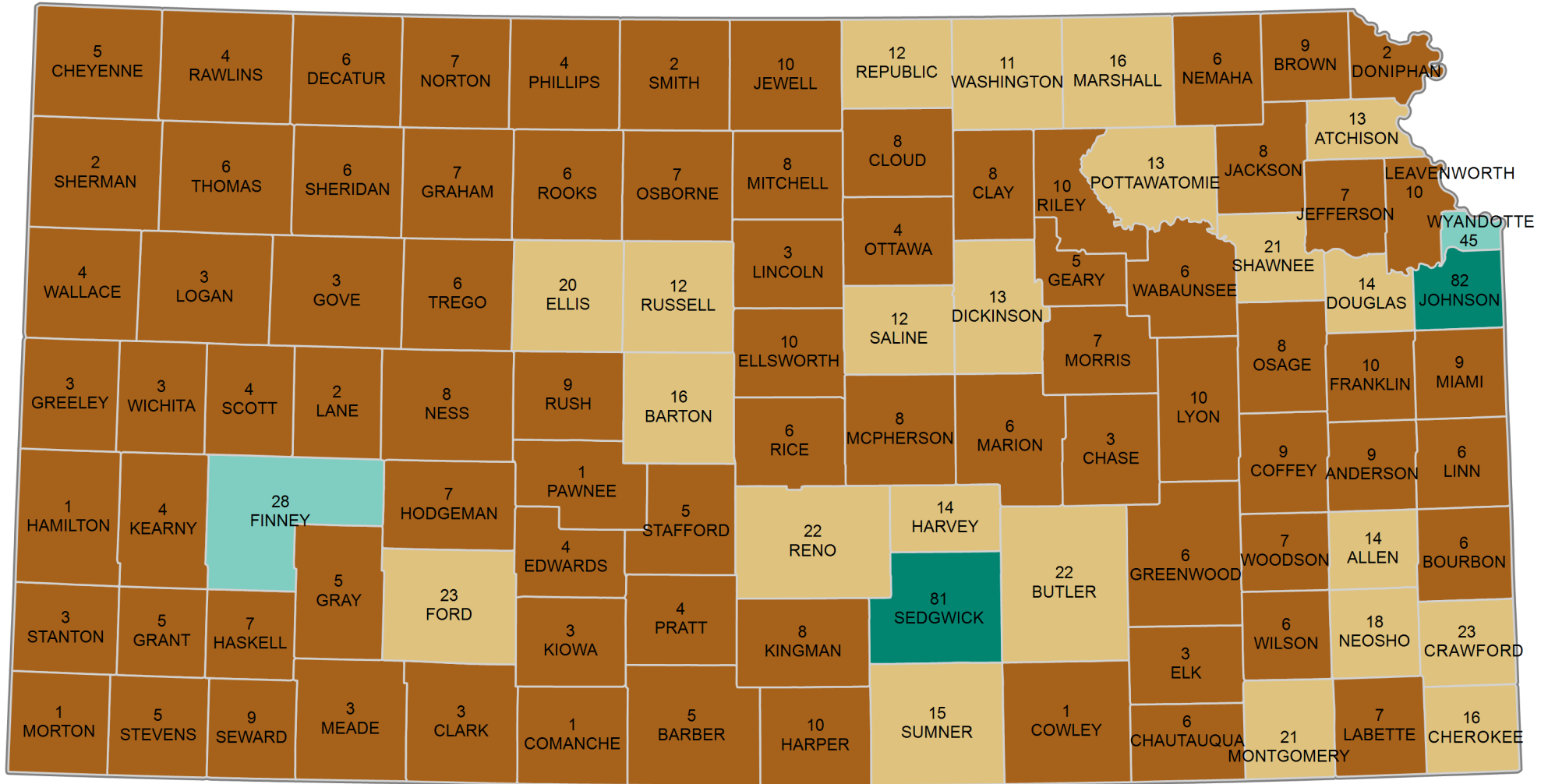
Total: 1,670 CMB Off-Premise Retailers

The data used for this map was derived from the 2019 Cereal Malt Beverage applications and stamp reports received from the cities and counties by the Alcoholic Beverage Control.



January 7, 2019

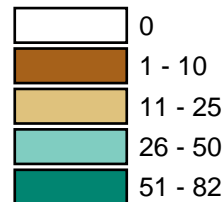
Kansas Cereal Malt Beverage Licenses On-Premise Retailers



of Counties

- (1)
- (79)
- (22)
- (2)
- (2)

of On-Premise Retailers Per County



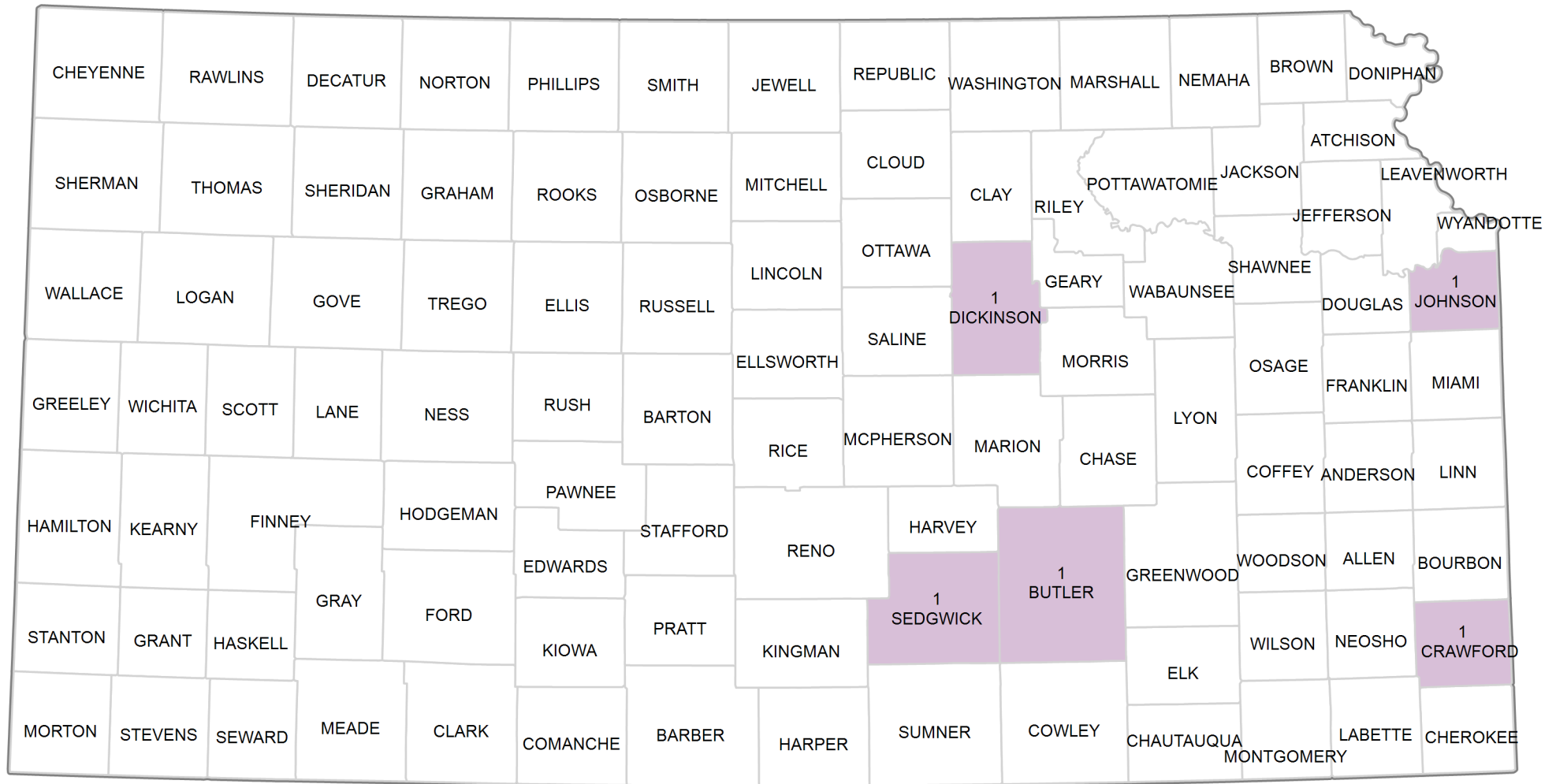
Total: 1,045 CMB On-Premise Retailers

The data used for this map was derived from the 2019 Cereal Malt Beverage applications and stamp reports received from the cities and counties by the Alcoholic Beverage Control.



January 7, 2019

Kansas Common Consumption Area Permits



The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database.

of Counties

(5)

of Permits Per County



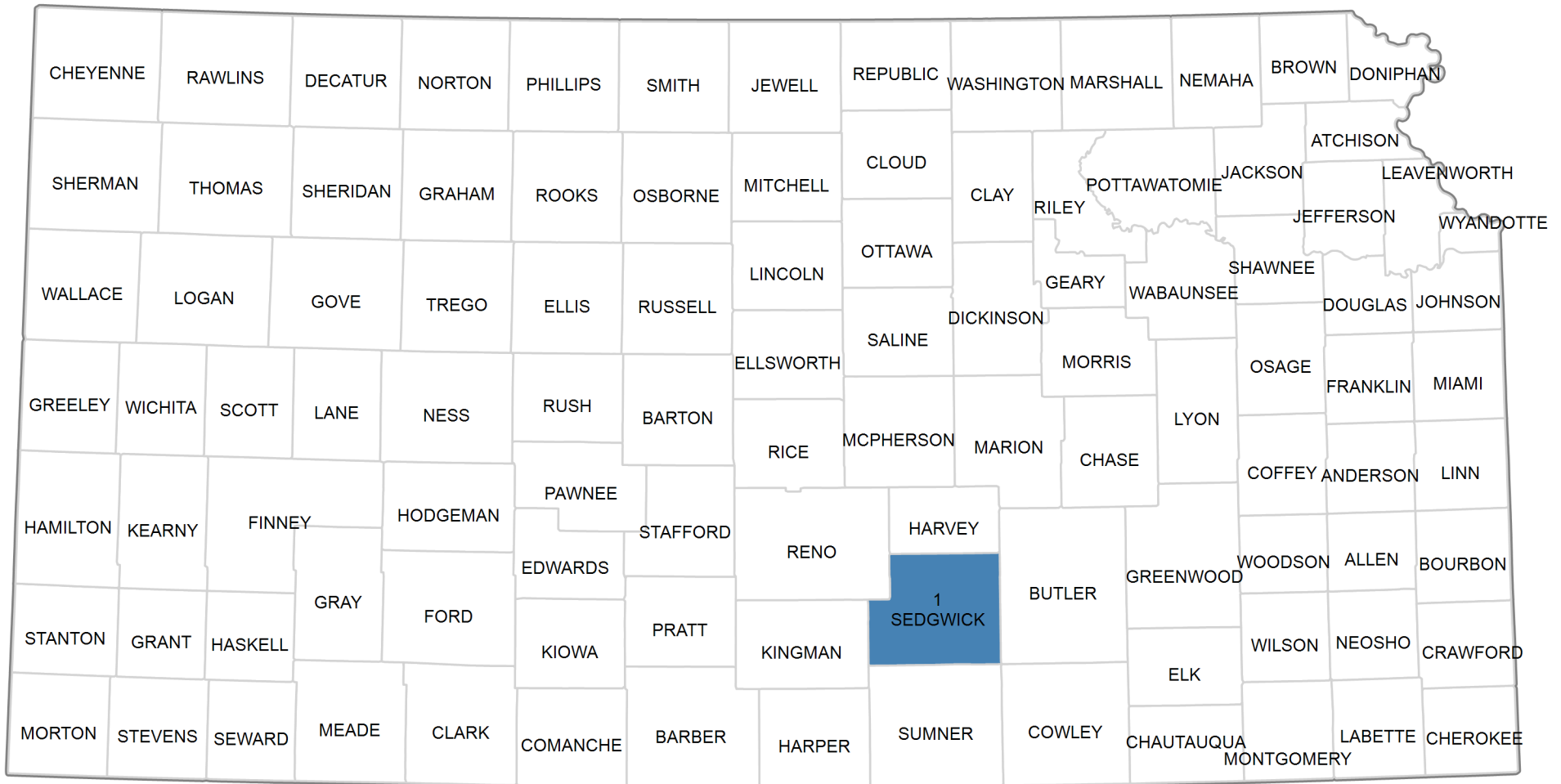
1

Total: 5 Common Consumption Permits



January 7, 2019

Kansas Vineyard Permits



The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database.

of Counties

(1)

of Permits Per County



1

Total: 1 Vineyard Permit



January 7, 2019