

SESSION OF 2020

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 417**

As Amended by Senate Committee of the Whole

**Brief\***

SB 417, as amended, would modify law related to class A club licensees (licensees), would expand the categories of alcoholic liquor licensees who can sell cereal malt beverage (CMB), would allow temporary permit holders to sell CMB along with alcoholic liquor, and would allow CMB to be consumed in common consumption areas.

***Class A Clubs***

[*Note:* KSA 2019 Supp. 41-2601 defines a class A club as a premises which is owned or leased by a corporation, partnership, business trust, or association and which is operated as a *bona fide* nonprofit social, fraternal, or war veterans' club, as determined by the Director of Alcoholic Beverage Control (ABC) (Director), for the exclusive use of the corporate stockholders, partners, trust beneficiaries, or associates (members) and their families and guests accompanying them.]

***Alcohol Sales to Non-Members***

The bill would establish a class A club license would allow a licensee to offer for sale, sell, and serve alcoholic liquor for consumption on the licensed club premises by persons who are not members, their families, or guests during an event. The bill would require the licensee to provide electronic notification to the Director at least 48 hours prior to

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\*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>

any event, who would be required to make the notice available to local law enforcement. The bill would require the notice to contain the date, time, location, and names of the contracting parties of the event. The licensee would be required to keep certain documents for a period of three years for inspection by the Director, including:

- Agreements;
- Receipts; and
- Records of alcohol purchased.

#### *Definition of Event*

The bill would define “event” to mean any function, occasion, celebration, or other event held on the licensed premises for a specified duration of time and during which individuals who are not members of the licensee, their families, or guests are permitted to enter and use the licensed premises pursuant to an agreement between the licensee and the contracting party.

#### **CMB**

##### *Sale and Delivery of CMB by Liquor Retail Licensees*

Under current law, retail liquor store licensees may sell CMB along with alcoholic liquor and CMB retailers are allowed to sell beer with an alcohol content of up to 6 percent alcohol by volume. Liquor retail licensees are also allowed to sell and deliver alcoholic liquor and CMB to a temporary permit holder for resale by such permit holder and to sell and deliver alcoholic liquor to a caterer, licensed premises of a public venue, club, or drinking establishment if such premises are either in the same county or in a county adjacent to that of the liquor retailer.

The bill would allow liquor retail licensees to sell and deliver CMB and beer containing not more than 6 percent

alcohol by volume to the licensed premises of a CMB retailer who is licensed for on-premises consumption, provided such premises are located either in the same county as the retailer or in an adjacent county.

The bill would also allow the retailer to charge a delivery fee for delivery of the CMB and beer containing not more than 6 percent alcohol by volume to such CMB retailer.

#### *Sales of CMB By the Drink*

Current law allows clubs, restaurants, bars, caterers, and public venues to be licensed to sell liquor-by-the-drink. The bill would allow liquor-by-the-drink licensees to also sell CMB for consumption on the licensed premises pursuant to the same restrictions as for sales of liquor.

#### *Temporary Permits*

Current law allows the Division of ABC to issue temporary permits which allow the holder to sell alcoholic liquor at a location specified on the permit for a certain period of time. The bill would allow holders of temporary permits to sell CMB in addition to alcoholic liquor under the same permit, and subject to the same restrictions.

#### *Common Consumption Areas*

Current law allows municipalities to establish common consumption areas in which alcoholic liquor may be consumed without being subject to enforcement of open container laws. The bill would allow the consumption of CMB within such common consumption areas.

## **Background**

The bill was introduced by the Senate Committee on Federal and State Affairs (Senate Committee) at the request of Senator Lynn.

In the Senate Committee hearing, Senator Lynn and a representative of the American Legion, Post 153, provided proponent testimony and written-only proponent testimony was provided by an additional American Legion, Post 153, member. Proponents generally stated the bill would aid Kansas veterans' organizations in raising revenue by renting out their facilities to non-members.

Written-only neutral testimony was provided by a representative of the ABC.

The Senate Committee amended the bill to specify additional details to be provided in the notice to law enforcement, modify the documents required to be retained, and make a technical amendment.

The Senate Committee of the Whole amended the bill to add provisions regarding sales of CMB by liquor by-the-drink license holders, sales of CMB by temporary permit holders, and consumption of CMB in common consumption areas. [Note: The CMB provisions are similar to the amended provisions of HB 2672 as included in SB 221, as amended by the House Committee on Federal and State Affairs.]

According to the fiscal note prepared by the Division of the Budget on SB 417 as introduced, the Department of Revenue indicates that enactment of the bill would increase expenditures by \$25,000 from the State General Fund in FY 2021 for administrative costs. Any fiscal effect associated with the bill is not reflected in *The FY 2021 Governor's Budget Report*. In the fiscal note for HB 2672 as introduced, the Kansas Association of Counties and League of Kansas Municipalities indicate enactment of that bill could reduce license fees to local governments.