

SESSION OF 2020

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 432**

As Amended by Senate Committee of the Whole

**Brief\***

SB 432, as amended, would amend law related to the terms of special shipping licenses held by wineries. The bill would also amend the Kansas Liquor Control Act, the Cereal Malt Beverage (CMB) Act, and statutes concerning local elections authorizing the sale of alcoholic liquor to expand the hours and days during which alcoholic liquor could be sold. The bill would also make changes to retailer's license applications for individuals who had been issued a producer's license.

***Special Shipping Licenses Held by Wineries***

The bill would amend provisions in law related to the effective date of special shipping licenses by specifying the license term begins on the date listed on the license. Current law specifies such license terms begin on the date the license is issued.

The bill would also amend law related to the payment of gallonage taxes by licensees and would require such taxes to be paid electronically on a quarterly basis to the Alcoholic Beverage Control Division (ABC), Kansas Department of Revenue (KDOR), rather than annually, as in current law.

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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>

### ***Allowable Hours and Days of Sale***

The bill would allow retail sales of alcoholic liquor and CMB in the original package between 10 AM and 8 PM on Sundays and would allow sales of alcoholic liquor and CMB on Memorial Day, Independence Day, and Labor Day. Current law prohibits the sale of alcohol and CMB before 12 Noon on Sundays and on Memorial Day, Independence Day, and Labor Day.

The bill would also amend statutes related to local governments authorizing sales of alcoholic liquor to reflect these time and date changes and would specify that a new election would not be required to comply with the Sunday expanded hours of sale authorized by the bill.

### ***Retailer's Licenses for Applicants with Producer's License***

Finally, the bill would require any applicant for a retailer's license who had been previously issued a producer's license, obtain approval of their retailer's license application by the board of county commissioners or the Director of the ABC, as required in current law. [Note: Under KSA 41-355, producer's licenses apply to someone engaged in business as a vineyard with not less than 100 vines of sound, ripe grapes or other type of agricultural producer with an annual harvest of 1,000 pounds of other sound, ripe fruits or berries or 100 pounds of honey.]

The bill would also make technical amendments to ensure consistency in statutory phrasing.

## **Background**

### ***SB 432 (Special Shipping Licenses Held by Wineries)***

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

In the Senate Committee hearing, proponent testimony was presented by representatives of ABC and the Kansas Wine Institute, who stated the changes to reporting will allow the ABC to match common carrier reports to special order shipping reports and the wineries who ship into the state support remitting taxes on a quarterly basis.

The Senate Committee recommended the bill be placed on the Consent Calendar on February 24, 2020. The bill was removed from the Consent Calendar and placed on General Orders the next day.

The Senate Committee of the Whole amended the bill on March 16, 2020, by inserting the provisions of SB 456, as amended by the Senate Committee.

According to the fiscal note provided by the Division of the Budget on SB 432 as introduced, KDOR indicates the bill would increase information technology expenditures by \$3,500 in FY 2021. However, if the combined effect of implementing this bill and other enacted legislation exceeds the KDOR's programming resources, or if the time for implementing the changes is too short, expenditures for outside contract programmer services beyond the KDOR's current budget may be required. Any fiscal effect associated with the bill is not reflected in *The FY 2021 Governor's Budget Report*.

***SB 456 (Allowable Hours and Days of Sale, Retailer's Licenses for Applicants with Producer's License)***

SB 456 was introduced by the Senate Committee at the request of Senator Olson.

In the Senate Committee hearing, Casey's General Stores, Inc., the Kansas Association of Beverage Retailers, the Kansas Association for Responsible Liquor Laws, Inc., and the Petroleum Marketers and Convenience Store Association of Kansas provided proponent testimony, generally stating consumers would like to see this change for the added convenience of being able to purchase liquor before events occurring on Sunday afternoons. The proponents also generally supported amendments that would move the time of sale from 9 AM to 10 AM and allow CMB retailers to sell product at the earlier time.

Neutral testimony on the bill was provided by representatives of ABC and the League of Kansas Municipalities. The neutral conferees generally requested clarity on provisions related to local elections concerning the sale of alcoholic liquor and CMB.

No other testimony was provided.

The Senate Committee amended the bill to modify the hours of sale, days of sale, local elections related to the sale of alcoholic liquor, and requirements for retailer's licenses.

According to the fiscal note provided by the Division of the Budget on SB 456 as introduced, KDOR has indicated enactment of the bill would have no fiscal effect on state revenues as the costs to update publications required by the bill would be negligible and could be absorbed within existing resources.