

SESSION OF 2006

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 297**

As Agreed to May 8, 2006

Brief*

SB 297 would amend the Kansas Liquor Control Act by permitting wine or beer, which is legally available in Kansas, to be sold and consumed during the days of the Kansas State Fair pursuant to guidelines of the State Fair Board. The Director of Alcohol Beverage Control would be permitted to waive the three-day temporary permit in lieu of one for the entire period of the State Fair.

The bill would allow direct shipment of wine from a wine manufacturer located within Kansas and an out-of-state winery directly to a consumer, if such consumer:

- is 21 years of age or older;
- purchases the wine while physically present on the premises of the wine manufacturer;
- uses the wine for personal consumption only; and
- pays all applicable taxes.

The bill would allow an in-state farm winery and out-of-state winery, manufacturing wine in quantity not exceeding 100,000 gallons, to ship wine to a licensed retailer in Kansas for delivery to persons over 21 years of age. The retailer would be required to collect the enforcement tax and may charge up to \$5 to the purchaser for each delivery. The purchaser would be responsible for payment of the wine and shipping costs to the winery permit holder.

The out-of-state license permit holder would be required to report annually to the Director of Taxation the total amount of wine sold and shipped into Kansas and to remit annually to the Director of Revenue all gallonage tax on sales to residents of the state. The Director would be authorized to perform audits of permit holders' records.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

The bill would allow an out-of-state large winery manufacturing wine in a quantity exceeding 100,000 gallons to ship wine to a licensed distributor who would deliver it to a retailer designated by the consumer. The consumer, persons over 21 years of age, would be responsible for payment of the purchase price and all shipping costs. The large winery would be responsible for collecting and remitting the gallonage tax to the Director of Taxation

The bill permits Kansas wineries to ship to other states in conformity with the other states' laws.

The bill would authorize drinking establishments to permit legal patrons to remove one or more opened containers of alcoholic liquor from the licensed premises, if such containers are the original containers and securely resealed, placed in a tamper-proof transparent bag and contains a dated receipt for the unfinished container. Under Kansas statutes, establishments may only sell by-the-drink, except wine may be sold by-the-bottle or by-the-carafe. This is the only exception. If the motor vehicle is not equipped with a trunk, then the unfinished container must be placed behind the last upright seat or in an area not normally occupied by the driver or the passenger.

Conference Committee Action

The Senate acceded to the House amendments and the Conference Committee further agreed to:

- Amend provisions of Substitute for SB 370 which allowed shipment of wine by a winery who manufactures less than 100,000 gallons per year to retail outlets of the consumers' choice.
- Allow out-of-state wineries manufacturing more than 100,000 gallons per year to ship wine to a distributor in Kansas who, in turn, would deliver it to a retailer of the consumer's choice;
- Allow direct shipment from in-state and out-of-state wineries to legal-age consumers' residences if the consumer was physically present at the winery when such person purchased the wine; and
- Allow legal consumers to take home unfinished containers of alcoholic liquor from drinking establishments in tamper-proof bags.

Background

Proponents of SB 297 and SB 370 were the Executive Director of the Kansas Licensed Beverage Association, representatives of the Kansas Grape Growers & Wine Makers Association, Kansas Wine & Spirits Wholesalers Association, Agriculture Marketing Division of the Department of Commerce, the Wine Institute, and the Kansas Beer Wholesalers Association.

Shipment of wine; in-state and out-of-state.