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Testimony Re: SB 288
Senate Federal and State Affairs Committee
Presented by Ronald R. Hein
on behalf of
Kansas Restaurant and Hospitality Association
January 24, 2012

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association (KRHA). The Kansas Restaurant and Hospitality Association, founded in 1929, is the leading business association for restaurants, hotels, motels, country clubs, private clubs and allied business in Kansas. Along with the Kansas Restaurant and Hospitality Association Education Foundation, the association works to represent, educate and promote the rapidly growing industry of hospitality in Kansas.

KRHA supports the general content of SB 288, but specifically opposes the language on Page 3, Lines 33-34 of the bill. The KRHA strongly supports the repeal of the proportional drink pricing statute, which has been a problem for the liquor industry over many years. This statutory requirement was difficult to enforce, difficult to understand from the industry standpoint, and difficult to regulate from the standpoint of the Kansas Department of Revenue's Division of Alcoholic Beverage Control (ABC).

The intricate details of trying to determine the price of the amount of mixer used in conjunction with an alcoholic drink sales, and whether that mixer was water, or a soft drink, and determining the amount of volume, and therefore the amount of cost; coupled with the complexities of determining the amount of cost that went into the preparation of the drink, all of which were necessary in order to effectively comply with the statute made this statute a nightmare for the licensees and the regulators.

Therefore, we strongly support the repeal of the proportional drink pricing statute.

However, with regards to the language on Page 3, Lines 33-34, the KRHA opposes the limitation on drink towers and volume permitted to be in a dispenser of cereal malt beverage (CMB). SB 288 would limit the container amount for CMB to no more than 64 fluid ounces, regardless of the number of people that may be consuming the CMB at the table.

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Dispensing of multiple dispensers of a smaller size, and thus allowing the serving of the same amount of CMB limited in this provision, is still permissible. This provision only interferes with the licensee's ability to determine the manner of serving.

We have met with the ABC, and understand their concerns about the amount of product that would be available to an individual consumer of CMB. However, this provision does not accomplish that, as the server is permitted to bring additional pitchers, and still supply additional volume to the table, as this provision simply limits the size of the dispensing equipment, and does not accomplish the ABC's stated goal.

We take very seriously our responsibility of insuring that we are not serving product to an intoxicated person or an incapacitated person, and are not looking for ways to dodge that responsibility. However, we do object to the Department regulating the manner in which we distribute the product itself when there are alternative methodologies of achieving their stated goal through other mechanisms.

We are willing to discuss this issue further during the interim of 2012, but we would respectfully request that the issue of proportionate drink pricing be able to rise or fall on its own merits, without adding this controversial provision limited dispenser size to the bill.

We would strongly urge the committee to remove the provisions on Page 3, Lines 33-34, and make additional technical amendments, and then report SB 288 favorably for passage.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.