

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on February 8, 2012, in Room 144-S of the Capitol.

All members were present except:
Senator Steve Morris-excused

Committee staff present:
Jason Long, Office of the Revisor of Statutes
Dennis Hodgins, Kansas Legislative Research Department
Connie Burns, Committee Assistant

Conferees appearing before the Committee:
Senator Marci Francisco
Representative Louis Ruiz
Phil Bradley, Artisan Distillers of Kansas
Andrew Harmon
Doug Jorgensen, Alcoholic Beverage Control
Kristina Hennessy, Dark Horse Distillery

Others attending:
See attached list.

Introduction of Bills

Senator Marci Francisco requested a bill introduction relating to landlords and tenants.

Senator Reitz moved that this request should be introduced as a committee bill. Senator Faust-Goudeau seconded the motion. The motion carried.

Senator Tim Owens requested a conceptual bill introduction for a clean up bill for **SB 6** which was passed in 2011.

Senator Longbine moved that this request should be introduced as a committee bill. Senator Ostmeyer seconded the motion. The motion carried.

Senator Roger Rietz requested a conceptual bill introduction relating taxing tobacco products for early prevention of young people to start using.

Senator Reitz moved that this request should be introduced as a committee bill. Senator Owens seconded the motion. The motion carried.

SB 277 – Creating the class of “microdistillery” in the Kansas Liquor Control Act

Chairman Brungardt opened the hearing on **SB 277**.

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on February 8, 2012, in Room 144-S of the Capitol.

Staff provided an overview of the bill.

Philip Bradley, Artisan Distillers of Kansas, appeared as a proponent on the bill. (Attachment 1) This measure creates the new license of Micro-Distiller; successful laws that have fostered growing industries with businesses that not only employ Kansans, pay taxes and encourage the use of Kansas products, are also tourism destinations.

Andrew Harmon spoke in favor of the bill. (Attachment 2) The manufacturer license class is the only means available to establish a micro distillery in Kansas. The annual license fee and rights associated with this category are inconsistent with the economics of a micro distillery. The \$5,000 annual license fee and inability to provide samples or make direct sales at the micro distillery are significant barriers to the establishment of a successful micro distillery in Kansas.

Written testimony was provided by Ron Hein, Kansas Restaurant and Hospitality Association, in support of the bill. (Attachment 3)

Michael A. Boehm, Mayor City of Lenexa, provided written testimony in support of the bill. (Attachment 4)

Written testimony was provided by Kristina J. Hennessy, DVM, Ph.D., Dark Horse Distillery, in support of the bill. (Attachment 5)

Doug Jorgensen, Director, Alcoholic Beverage Control, appeared neutral on the bill. (Attachment 6) ABC would request amendments to bill to conform with statutes governing the operations of farm wineries and microbreweries, which are similar operations to the kind contemplated by this bill. ABC sees no reason for disparate treatment between the three types of operations.

Chairman Brungardt closed the hearing on **SB 277**.

SB 358 – Alcoholic beverages; authorizing testings by manufacturer licensees

Chairman Brungardt opened the hearing on **SB 358**.

Staff provided an overview on the bill.

Philip Bradley, Artisan Distillers of Kansas, appeared as a proponent on the bill. (Attachment 7) This measure allows the licensee to serve a limited sample to visitors of their business; this is also a tourism enhancement and is allowed in all states that are developing the craft distilling industry.

Kristina J. Hennessy, DVM, Ph.D., Dark Horse Distillery, Lenexa, Kansas, spoke in favor of the bill. (Attachment 8) Presently the State of Kansas does not allow for samplings on the premises of a manufacturer. This put the manufacturers at a distinct disadvantage in comparison to other States. Without change to the law, distilleries within the State are forced to operate on an unfair playing field in comparison to farm wineries and breweries who are allowed to provide samplings to tourists and guests who visit their facilities. Ms. Hennessey believes a change to this law not only makes fiscal sense but

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on February 8, 2012, in Room 144-S of the Capitol.

also common sense.

Michael A. Boehm, Mayor, City of Lenexa, provided written testimony in support of the bill. (Attachment 9)

Doug Jorgensen, Director, Alcoholic Beverage Control, appeared neutral on the bill. (Attachment 10) ABC would request amendments to bill to conform with the statutes governing the sampling of alcoholic liquor at farm wineries and microbreweries, as ABC sees no reason for disparate treatment between the three types of operations. Mr. Jorgensen also requested the last paragraph be deleted as ABC no longer has an issue with the distillery bill.

Chairman Brungardt closed the hearing on **SB 358**.

Discussion and Final Action:

SB 262 - Grandparent custody, visitation and residency

Staff explained the amendment from the Kansas Children's Service League that was offered during the hearing on the bill.

Senator Reitz moved the amendment. Senator Faust-Goudeau seconded the motion. The motion carried.

Back on the bill, the committee had further discussion on changing the word "preference" to "consideration" on page 1 line 7. The Chair will hold the bill over to give the committee a chance for further consideration of the bill.

SB 313 - Allowing liquor consumption on department of wildlife, parks and tourism owned or managed lands and waters

*Senator Haley moved to pass **SB 313** out favorably. Senator Longbine seconded the motion. The motion carried.*

SB 299 - Alcoholic beverages; creating a public venue license.

Staff reviewed the bill for the committee. The committee discussed the fees on the different licenses.

Senator Reitz moved to pass SB 299 out favorably. Senator Ostmeyer seconded the motion. The motion carried.

The next meeting is scheduled for February 9, 2012. The meeting was adjourned at 11:48 a.m.