

SESSION OF 2012

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE  
BILL NO. 2689**

As Recommended by House Committee on  
Federal and State Affairs

**Brief\***

Sub. for HB 2689 would allow railway cars to to licensed as drinking establishments under the Club and Drinking Establishment Act. The bill would add a definition of railway car to include a locomotive drawn conveyance used for the transportation of people that is confined to a fixed route and which derives at least 30 percent of its gross receipts from all sales of food and alcoholic beverages on the railway car in a 12-month period.

Taxation on alcoholic liquor for consumption would conform to those taxes applied to other drinking establishments. Under the bill, 70 percent of the revenue collected from sale of liquor in railway cars would be divided equally among counties through which the railway car passes if the counties have approved the sale of liquor-by-the drink.

The bill would be in effect upon publication in the *Kansas Register*.

**Background**

Proponents for HB 2689 included Representative TerriLois Gregory, the owner of the Elkhorn Valley Railcar Company, representatives of the Douglas County Commission, the Kansas Licensed Beverage Association, and the Kansas Wine and Spirits Wholesalers Association.

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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>

Numerous other written testimony was submitted favoring the proposed legislation.

The bill as introduced would have established a new railway car license for the sale and consumption of alcoholic liquor. The conferees indicated that the Midland Railway in Baldwin City would be the short line railroad that a Nebraska corporation, the Elkhorn Valley Railcar Company doing business as the Fremont Dinner Train, would like to take over operations if the company were able to serve beer, wine and mixed drinks. Current limitations in Kansas law would prohibit such sales unless liquor law modifications were made.

The House Committee adopted a substitute bill to amend the Club and Drinking Establishment Act rather than to establish a separate new class of license that would authorize operators to offer for sale, to sell and to serve alcoholic liquor for consumption on a railway car.

The Director of Alcoholic Beverage Control (ABC) appeared as neutral and concurred with the simplified version for regulation under existing law as included in the substitute bill rather than establishment of a separate new class of license for railway cars.

The fiscal note for the bill as introduced indicated an increase of \$15,000 in one-time expenditures to update the computer system and publications for the Division of ABC and an increase in new revenue of less than \$10,000 annually from the new taxes. No fiscal note was available for the substitute bill, but the ABC Director suggested lower computer modification costs would result due to not creating a new class of license.