

SESSION OF 2013

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2077**

As Recommended by Senate Committee on
Federal and State Affairs

Brief*

Senate Sub. for HB 2077 would amend the Club and Drinking Establishment Act and the Kansas Liquor Control Act. The bill would address three subjects: free samples of mixed alcoholic beverages, licensees' restrictions regarding employees, and administrative rules and regulations for licensed retail sellers of alcoholic liquors, micro-distilleries, and public venues.

Administrative Notice or Order Requirements

The bill would require any written administrative notice or order imposing a fine or other penalty for an alleged violation of the Kansas Liquor Control Act or the Kansas Club and Drinking Establishment Act to be issued within 90 days after the date the citation was issued.

Free Samples

The bill also would allow various licensees, including licensed Class A and Class B clubs, licensed drinking establishments, licensed caterers, licensed public venue clubs, temporary permit holders, and any person or entity licensed to sell alcoholic beverages at retail in the original package, to serve free samples of alcoholic liquor on the licensed premises, or in adjacent premises for licensed retail sellers.

*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>

The bill would define “sample” to mean a serving of alcoholic liquor that contains not more than one-half ounce of distilled spirits, one ounce of wine, or two ounces of beer or cereal malt beverage. A sample of a mixed alcoholic beverage could not contain more than one-half ounce of distilled spirits.

Class A and B clubs would be allowed to serve samples free of charge only to their members and their members’ families and guests.

All licensees would be prohibited from serving more than five samples to any individual per visit, and no samples could be removed from the premises. The bill would prohibit licensees from collecting either a cover charge or an entry fee at any time during the business day that free samples were provided for anyone.

The bill also would authorize the preparing or mixing of samples at a licensed retail premises, or adjacent premises, for the purpose of conducting distilled spirit tastings, as well as wine and beer tastings or any combination of alcoholic liquors.

The bill would require samples to come from the licensee’s inventory and would require the licensee to pay all associated excise and drink taxes for any alcoholic liquor served in free samples.

Licensees’ Restrictions

The bill also would modify statutes pertaining to the employment of certain individuals under the Club and Drinking Establishment Act.

The bill would make it unlawful for licensees to knowingly employ, or continue to employ, any person dispensing or serving alcoholic liquor, or mixing drinks containing alcoholic liquor, who:

- Has been adjudicated guilty of two or more violations of KSA 21-5607 (furnishing alcoholic beverages to minors) or similar laws from other states regarding the furnishing of liquor to minors, within the immediately preceding five years; or
- Has been adjudicated guilty of three or more violations of any other Kansas, or any other state's, intoxicating liquor laws, but not involving the furnishing of alcoholic liquor to minors within the preceding five years.

Rules and Regulations

The bill would continue the application of all rules and regulations concerning retail sellers of alcoholic liquors, micro-distilleries, and public venues, that were adopted on and after July 1, 2012, and before July 1, 2013, to remain effective until revised, revoked, or nullified by law.

Background

HB 2077 as passed by the House Committee of the Whole related to professional licensing and veterans. The Senate Committee on Federal and State Affairs removed the contents of the bill passed by the House and recommended a substitute bill containing the contents of SB 7 (Senate Committee of the Whole version) and SB 36 (as amended by the House Committee on Federal and State Affairs).

The fiscal note on SB 7, as introduced, provided by the Division of the Budget indicates passage of the bill would increase FY 2013 all funds expenditures by \$3,600.

The fiscal note as provided by the Division of the Budget on the original SB 36 is no longer applicable to the provisions of the substitute bill. The Department of Revenue indicated SB 36, as introduced, could result in the loss of excise tax

revenue to the State General Fund, but did not provide an estimate. The original bill did not require remittance of the liquor excise tax based on the value of the alcohol served free of charge.