

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 March 3, 2004 in Room 231-N of the Capitol.

All members were present except:

Senator James Barnett- excused

Committee staff present:

Russell Mills, Legislative Research

Dennis Hodgins, Legislative Research

Theresa Kiernan, Revisor of Statutes' Office

John Beverlin, Committee Secretary

Conferees appearing before the committee:

Philip Bradley, Kansas Licensed Beverage Association

Neal Whitaker, Kansas Beer Wholesalers Association

Amy Campbell, Kansas Association of Beverage Retailers

Tom Groneman, Alcoholic Beverage Control, Department of Revenue

Norm Jennings, Kansas Grape Growers and Wine Makers Association

Patty Clark, Department of Commerce

Others attending:

See Attached List.

Chairperson called the meeting to order. He then opened the confirmation hearing for Tom Groneman, Executive Director of the Alcoholic Beverage Control. He welcomed Mr. Groneman to the podium.

Mr. Groneman provided a brief biographical overview, an overview of the ABC, and his role as the Director of the ABC.

Chairperson Brungardt asked the committee for questions.

Senator Clark asked Mr. Groneman about his son-in-law's affiliation with Schatz Distributor.

Mr. Groneman answered that his son-in-law was a truck driver for Schatz, but that the ABC regulates the distribution.

Senator Clark asked Mr. Groneman about his son's affiliation with a bar and grill.

Mr. Groneman explained that it was a job his son had held since he was college. He further explained that his son worked at the bar and grill one night a week.

Senator Gilstrap made a motion to recommend the confirmation of Tom Groneman as Executive Director of the Alcoholic Beverage Control. The motion was seconded by Senator Clark. Tom Groneman was recommended for confirmation.

Chairperson Brungardt asked the committee to consider action on **SB 400, Law enforcement; training of part time law enforcement officers**. He asked Senator Huelskamp to the podium to provide an overview.

Senator Huelskamp provided written testimony from one of his constituents, Dwight Watson (Attachment 1).

Chairperson Brungardt asked the committee for questions. None were asked. He then asked the committee to take action on the bill.

Senator Clark made a motion to recommend SB 400 favorable for passage. The motion was seconded by Senator Teichman. SB 400 was recommended favorable for passage.

## CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:30 a.m. on March 3, 2004 in Room 231-N of the Capitol.

Chairperson Brungardt continued the hearing for **SB 402, Farm wineries; rights of licensees; fees; ownership restrictions**. He welcomed Philip Bradley to the podium.

Mr. Bradley presented testimony against **SB 402** (Attachment 2).

Chairperson Brungardt thanked Mr. Bradley and welcomed Neal Whitaker to the podium.

Mr. Whitaker presented testimony against **SB 402** (Attachment 3).

Chairperson Brungardt thanked Mr. Whitaker and welcomed Amy Campbell to the podium.

Ms. Campbell presented testimony against **SB 402** (Attachment 4).

Chairperson Brungardt thanked Ms. Campbell and welcomed Mr. Groneman to the podium.

Mr. Groneman presented the Alcoholic Beverage Control's testimony on **SB 402** (Attachment 5).

Chairperson Brungardt asked Mr. Groneman for the price of a temporary permit.

Mr. Groneman answered that a temporary permit would cost an individual 25 dollars.

Chairperson Brungardt asked Mr. Groneman if a person who owns a farm winery, according to the bill, could be involved in another tier of the three tier system.

Mr. Groneman answered that Chairperson Brungardt was correct.

Chairperson Brungardt asked the committee for questions. None were asked. He then explained to the audience the true intention of **SB 402**. He further explained the idea of increasing agri-business and the farm winery industry in the state of Kansas. He asked for suggestions from the audience.

Mr. Whitaker explained the availability for farm wineries to expand their exposure at festivals through a temporary permit. He stated his belief that the mechanism was already available for them to expand their exposure. Mr. Whitaker explained to the committee what would happen if the bill was passed as the farm wineries wanted.

Senator Teichman explained the idea of the bill supporting Kansas products. She emphasized the need to support Kansas products.

Ms. Campbell explained to the committee that she had a number of liquor store owners who would love to provide Kansas wine from their store for sampling at festivals. She further explained that current law prohibits them from doing so, but if the legislature provides that particular method of exposure to farm wineries, her liquor store owners would like that method too. She explained that her association also has problems with shipping reciprocity and its possible effects on retailers, tax, and regulation.

Chairperson Brungardt stated there may be problems with the amount of juice from Kansas in wines that farm wineries label as Kansas wines.

Norm Jennings stated that his association asks for one of two things. Either to leave the language the way it is, concerning Kansas juice in Kansas wines. Or add in language to have the Grape and Winery Council to work with the Director of the Alcoholic Beverage Control, to handle situations when it is appropriate to deviate from the 60 percent Kansas juice requirement.

Chairperson Brungardt asked Mr. Jennings about the 125 dollar fee for a farm winery to serve wine for consumption on premise versus the 1000 dollar fee for an establishment to serve other alcohol for consumption on premise.

Mr. Jennings explained that the farm wineries would not receive a substantial part of their income from this

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kind of establishment. Versus other establishments who receive all of their income from the consumption of alcoholic beverages on premise. Mr. Jennings explained that it was not the intention of the association to go behind the back of the ABC Director. He further explained that the establishment should be regulated in the same manner as every other establishment that serves alcoholic beverages for consumption on premise.

Mr. Bradley explained that the opportunity to open a class of restaurants that serve Kansas wines exclusively already exists. He further explained, that the difference now, is that they want to lower the fee from 1000 dollars to 125 dollars. He also explained that a problem exist with regards to bond requirements.

Mr. Jennings stated that there is a bond requirement for farm wineries.

Mr. Bradley explained that a bond is on the manufacture, not on the drink tax.

Mr. Whitaker explained that the regulations on temporary permits are up in the air. He suggested a summer interim study of the issues.

Chairperson Brungardt thanked all who were in attendance and those who participated in the discussion.

The meeting was adjourned at 11:40 a.m. The next meeting is scheduled for March 4, 2004, at 10:30 a.m. in room 231-N.