

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 4, 2009, in Room 136-N of the Capitol.

All members were present except:

Senator Oletha Faust-Goudeau- excused  
Senator Ralph Ostmeyer- 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:

Hal Hudson, Kansas Pest Control Association  
Larrie Ann Lower, Wine Institute  
Doug Mays, City of Olathe  
Patricia Biggs, Kansas Parole Board  
Bob Alderson, Casey's General Store  
Terry Presta, Presto Convenience Stores/PMCA  
Chris Darrah, Darrah's Fast Lane, Manhattan  
Thomas Palace, Petroleum Marketers  
Philip Bradley, Kansas Licensed Beverage Association  
Diane Minear, Secretary of State  
Thomas Groneman, Kansas Alcoholic Beverage Control

Others attending:

See attached list.

**Introduction of Bills:**

Hal Hudson, Kansas Pest Control Association, requested a bill introduction regarding pesticide safety and education fee. (Attachment 1)

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

Larrie Ann Lower, Wine Institute, requested a bill introduction that allows wineries to ship wine directly to Kansas consumers. (Attachment 2)

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

Doug Mays, representing the City of Olathe, requested a bill introduction regarding improvement by cities within unincorporated territory within three miles of corporate limits. (Attachment 3)

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

Patricia Biggs, Kansas Parole Board, requested a bill introduction that is a technical clean-up for KSA 21-4720. (Attachment 4)

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

**SB 76 - Cereal malt beverages; alcohol content, regulation by ABC, retailers authorized to sell, taxation.**

Chairman Brungardt opened the hearing on **SB 76**.

## CONTINUATION SHEET

Minutes of the Senate Federal And State Affairs Committee at 10:30 a.m. on February 4, 2009, in Room 136-N of the Capitol.

Staff provided an overview of the bill. ([Attachment 5](#))

Bob Alderson, Casey's General Store, spoke in favor of the bill. ([Attachment 6](#)) Mr. Alderson is also authorized to present testimony on behalf of the Petroleum Marketers and Convenience Store Association of Kansas, Inc., QuikTrip and Hy-Vee, Inc.; and emphasized that the real issue involved with the bill is not a liquor issue, but an economic issue. By allowing Cereal Malt Beverage (CMB) retailers to compete on an equal basis with retail liquor dealers this would provide CMB retailers the opportunity to regain a share of the cereal malt product market that was lost over the past several years.

Terry Presta, Presto Convenience Stores/PMCA, appeared as a proponent of the bill. ([Attachment 7](#)) Mr. Presta felt that there is really no valid reason to have a dual system of beers in Kansas, it is cumbersome and creates a lot of distribution problems for the beer distributors and confuses the public.

Chris Darrah, Darrah's Fast Lane, Manhattan, spoke in favor of the bill. ([Attachment 8](#)) Mr. Darrah provided points on why the bill should pass.

Thomas Palace, Petroleum Marketers, appeared in favor of the bill. ([Attachment 9](#)) The bill will allow CMB retailers to recoup market share that was lost when the federal laws changed the drinking age from 18 years of age to 21 years of age. Prior to the change in the drinking age to purchase beer, CMB retailers had a market share of almost 50%, compared to the 19 - 20% market share today. The Beer retailers will pay the 8% liquor enforcement tax when purchasing product from the wholesaler, in addition the 10% drink tax will be applied to all on-premise sales of beer by beer retailers; and will pay the same licensing fees, the same taxes and hour of operation (when selling beer) will be the same as applied to liquor stores. Mr. Palace addressed several questions raised on the proposed change.

Jerry Davidson, Crescent Oil Company, Inc., Independence, Kansas, ([Attachment 10](#)) and Brenda Elsworth, Pump'n Pete's, Parsons, Kansas, provided written testimony in support of the bill. ([Attachment 11](#))

Philip Bradley, Kansas Licensed Beverage Association, (KLBA) provided testimony as neutral on the bill. ([Attachment 12](#)) The KLBA takes no position on the bill but did provide a list of 10 concerns that would ask to be resolved satisfactorily before the bill advances.

Diane Minear, Legal Counsel, Deputy Assistant Secretary of State, appeared to brief the committee, answer questions, and provide recommendations relating to the bill. ([Attachment 13](#))

Thomas Groneman, Kansas Alcoholic Beverage Control, appeared neutral, but addressed several provisions in the bill. ([Attachment 14](#)) Due to the extensive amendments to the numerous acts, ABC requests that the effective date be no earlier than July 1, 2010, to allow adequate time to implement the major changes provided for in the bill.

Chairman Brungardt closed the hearing on **SB 76**.

The next meeting is scheduled for February 5, 2009. The meeting was adjourned at 11:35 am