

Approved: 3-15-93
Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Clyde Graeber at 1:30 p.m. on March 8, 1993 in Room 526-S of the Capitol.

All members were present except:

Committee staff present: Mary Galligan, Legislative Research Department
Lynne Holt, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee: Kevin Tipton, North Central Area Director,
Distilled Spirits Council of the U.S.
James Conant, Alcoholic Beverage Control

Others attending: See attached list

The Chairperson stated he would like to return to HB2127, one of the bill's requested by the State Fire Marshal and they have come back requesting that the committee look at the bill again and see if there is any way the bill could be passed out of committee. They feel this bill is very important for the State Fire Marshal's Office.

The committee stated they did not like the bill and did not wish to have it passed out of committee favorably.

The Chairperson opened the hearing on SB323, a bill dealing with tax stamps on alcohol.

Kevin Tipton, North Central Area Director, Distilled Spirits Council of the United States, Inc., testified in support of SB323 which proposes to remove an arcane identification stamp from most liquor bottles sold in the state.

Initially, the purpose of bottle stamps was to indicate to consumers, retailers and law enforcement officials that state excise taxes on these products had been paid.

Almost all segments of the liquor industry - liquor suppliers, wholesalers and retailers - support the repeal of Kansas bottle stamps on distilled spirits. The stamps are an expensive nuisance whose idea initially was good but whose usage now is arcane and redundant. For the reasons outlined above I would like to ask for your support on SB 323 which would repeal the requirement for suppliers and wholesalers to adhere bottle stamps on liquor containers. (See Attachment #1)

R. E. "Tuck" Duncan, Kansas Wine & Spirits Wholesalers Association, Inc., stated this was not a tax stamp; it is an identification stamp. Mr. Duncan stated he had no objection to this bill and probably more convenient for getting the product into the state.

Representative Sebelius moved and Representative Empson seconded to move SB 323 out of committee favorably. The motion carried.

James Conant, Department of Revenue, Division of Alcohol Beverage Control, gave a briefing on HB 2510, stating that as introduced, the bill would amend 66 liquor and related tax statutes, effectively restructuring the malt beverage industry in Kansas. The principal change is a redefinition of cereal malt beverage to include all malt beverages with an alcohol content of 5% by weight or less. (See Attachments #2 & 3)

The Chairperson stated there will be hearings on HB2510: the proponents will appear on March 9 and the opponents will appear on March 10.

Representative Lane moved and Representative Rock seconded the minutes of February 23 and 24 be approved. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 526-S
Statehouse, at 1:30 p.m. on March 8, 1993.

The meeting adjourned at 3:30 PM.

The next meeting is scheduled for March 9, 1993.

Date: 3/8/93

FEDERAL and STATE AFFAIRS COMMITTEE

NAME	ORGANIZATION	ADDRESS
Rich Ferguson	KRLDA	10333 MARTIN OP. KS. 66212
Jeannette Wright	KRLDA Johnson Co.	8925 Johnson Dr. Merriam, KS. 66202
Don Harling	KRLDA	2013 SW Gage Blvd Topeka, KS 66604
Frances Kastner	Ks Food Dealers Assn	Topeka
Sandra Dowell	KRLDA	1221 SW 21st Topeka, KS
Kurt Bossert	KRLDA	2121 Waverly Topeka, KS
Anne Smith	Ks Assoc of Counties	Topeka
Beenie Nowood	ABC / Revenue	Topeka
Jack West	ABC / KDOR	Topeka
Dave Schneider	KFLAIB	Topeka
Jim EASTBURN	Famous Brands Distributors, INC	TOPEKA
Kathy Maag	KBWA	Topeka
Cathy Musatto	Massatto Bros., Inc.	Osage City
Steve Montgomery	Casey's General Store	Topeka
Steve WALSH	KS Gov. Consult Hing	Lawrence

Date: _____

FEDERAL and STATE AFFAIRS COMMITTEE

[illegible]

SB 323

TESTIMONY

PRESENTED BEFORE THE

KANSAS HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

By

**Kevin Tipton
Area Director**

Distilled Spirits Council of the United States, Inc.

*F & SA
3/8/93
Atch #1*

Mr. Chairman and members of the Committee, my name is Kevin Tipton. I am the Area Director of the Distilled Spirits Council of the US, Inc, or DISCUS, a national trade association representing a majority of the producers and importers of liquor products sold in the United States.

The Distilled Spirits Council and its member companies would like to ask you to support SB 323 which proposes to remove an arcane identification stamp from most liquor bottles sold in the state.

Bottle stamps were first introduced in Kansas in 1949 and were required to be placed upon all wine and distilled spirit containers being sold within the state by either the supplier, or wholesaler.

Initially, the purpose of bottle stamps was to indicate to consumers, retailers and law enforcement officials that state excise taxes on these products had been paid.

In 1973, the stamp requirement was removed from wine containers. There was no opposition to the removal of the bottle stamp. In 1983, Brandy products were removed from the bottle stamp requirements.

When the requirement removing bottle stamps was approved for Brandy products, it should also have included distilled spirits because Brandy involves the distillation of fermented mash of fruit, such as grapes, distilled at less than 190 proof and bottled at not less than 80 proof. Brandy products include Cognac's, Armagnac's, and Calvados. Brandy products are distilled spirits. In the final days of the 1983 session, when the bottle stamp requirement for Brandy was repealed, lawmakers believed that Brandy was a wine product. Since wine products had already had the stamp requirement removed from statute, lawmakers thought they were simply extending the bottle stamp requirement to another wine product.

Today, suppliers selling their products to a licensed Kansas liquor wholesaler must submit under oath by the 15th of each month a copy of the shipment manifest and bills of lading to the state's Alcoholic Beverage Division. This data reflects the previous month's shipments to the wholesaler.

State liquor wholesalers must, in turn, file a report under oath each month with the state Alcoholic Beverages Division specifying the total amount of liquor purchased from suppliers or other wholesalers, the price paid, and the quantity of each brand purchased. In addition, wholesalers are required to list the names and locations of retailers to whom they sold liquor during the preceding month alongwith the price charged and the quantity ordered. Both documents are used by the state Alcoholic Beverages Division to assess and verify the excise taxes owed on distilled spirits.

Wholesalers are also required by the state to put up a performance bond to assure the timely payment of excise taxes.

Kansas's requirement for supplier and wholesaler manifests, bills of lading, and reports practically assures the state that the excise taxes being collected on distilled spirits sales are correct.

Upon repeal of Prohibition, many other states enacted similar bottle stamp requirements to ensure the payment of taxes. Today, only four state's, including Kansas, still require bottle stamps.

The reports and affirmations, bills of lading and shipment manifests required by basically all states - including Kansas - virtually guarantees that liquor products being sold in Kansas have had excise taxes collected and paid. ID bottle stamps are an unnecessary and expensive redundancy for both suppliers and liquor wholesalers doing business within the state.

ID bottle stamps are duplicitous considering the reports and other documents previously noted, which provide more than enough information to the state about liquor sales - from the supplier to the wholesaler and to the retailer.

ID bottle stamps are also expensive. Kansas consumers have paid higher liquor prices for suppliers and wholesalers to adhere stamps to containers. Using 1991 consumption figures for Kansas, the compliance cost to adhere stamps, or reasonable facsimiles, to bottles is between \$609,000 (\$0.61/case) to \$1,054,000 (\$1.05/case). The difference in cost is based upon which type of stamping method is used - video ink jet on bottles and labels, or pressure sensitive labels.

In addition suppliers have had to finance the liquor inventory - and labels - they must set aside for shipment to Kansas. For instance, product coming off a bottling line must be stopped and equipment re-set to reflect the Kansas bottle stamp information. That product must then be set aside in warehouses for shipment to Kansas because it can not be sold in another state. This additional bottling line cost and warehousing cost as well as the administrative cost to track these state-specific bottles adds another \$ 0.56 per case to the cost of liquor products being sold in Kansas.

When DISCUS proposed repealing the bottle stamp requirement on distilled spirits, we initially approached the state Alcoholic Beverages Division because our research showed that the stamps could be removed administratively. However, the state Attorney General ruled that removal of the stamps would have to be done legislatively. The state Alcoholic Beverages Division during our initial inquiry, and as recently as last month, said that there are sufficient alternative means to accurately collect the excise tax owed on distilled spirits and that the need for ID bottle stamps was negated by the reports and other shipment and sales advisories provided the state by industry.

In addition, DISCUS met with Kansas Department of Revenue Secretary, Nancy Parrish and Mark Burghart, General Counsel of the Department and appraised them of our intentions. The Department, after some review, said it would not object if DISCUS pursued the repeal of bottle stamps on liquor containers.

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Almost all segments of the liquor industry - liquor suppliers, wholesalers and retailers - support the repeal of Kansas bottle stamps on distilled spirits. The stamps are an expensive nuisance whose idea initially was good but whose usage now is arcane and redundant. For the reasons outlined above I would like to ask for your support on SB 323 which would repeal the requirement for suppliers and wholesalers to adhere bottle stamps on liquor containers.

I would be happy to answer any questions the Committee may have.

Fv SA
3-8-93
14

STATE OF KANSAS



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Department of Revenue *Division of Alcoholic Beverage Control*

House Committee on Federal & State Affairs
briefing on
House Bill 2510
prepared by
Alcoholic Beverage Control Division
March 8, 1993

House Bill 2510, as introduced, would amend 66 liquor and related tax statutes, effectively restructuring the malt beverage industry in Kansas. The principal change is a redefinition of cereal malt beverage to include all malt beverages with an alcohol content of 5% by weight or less. Most amendments are technical in nature, primarily to ensure that all products may continue to flow through existing channels. Laws governing operational issues such as credit sales, hours/days of sale, age of employees, etc. generally remain static for the respective levels of the industry. For the purposes of today's briefing, our testimony will focus on the current structure of the industry, the major changes proposed in the bill and the estimated impact of those changes on state and local government and the industry.

PACKAGE SALES

Before reaching the consumer level, all package alcoholic beverages follow the same general flow through the three-tier system in Kansas. It is at the retail level that the differences in handling of strong beer and CMB become apparent. The table below illustrates the major operational controls currently in place for both levels of the industry and the changes proposed under House Bill 2510.

	CURRENT LAW		HOUSE BILL 2510	
	Retail Liquor	CMB Retailer	Retail Liquor	CMB Retailer
Packaged alcoholic beverages offered for off-premise consumption	Spirits, wine, beer (>3.2%), non-alcoholic malt beverage (< .5%)	Cereal malt beverage (≤3.2%), nonalcoholic malt beverage (< .5%)	Spirits, wine, all beer and malt beverages regardless of alcohol content	All beer and malt beverages with 5% or less alcohol content
Hours/days of sale	9 am - 11 pm, no Sunday, election day, Memorial Day, 4th of July, Labor Day, Thanksgiving or Christmas sales	6 am - 12 midnight, no Sunday or election day sales	No change	No change
Age of employees	Not less than 21	Not less than 18	No change	No change
Pricing from distributor	No discounting or discrimination among retailers	Quantity discounting to retailers allowed	No change	No discounting or discrimination among retailers
Pricing to consumer	No sales below acquisition cost	No controls, may sell below cost	No change	No change
Tax on retail sales	8% state enforcement tax	State and local sales tax	No change	8% state enforcement tax
Annual license fee and bond	\$250/\$2,000	\$25 - \$50/no bond	No change	\$250/\$2,000

(over)

FS SA
3/9/93
Atch #2

ALCOHOL CONTENT

The bill redefines the term "cereal malt beverage" (CMB) to include all malt beverages containing 5% or less alcohol by weight (current threshold is 3.2% alcohol by weight). A corresponding change is made to define "beer" as malt beverages containing in excess of 5% alcohol by weight. In order to determine how the shift to 5% would affect the availability of "stronger" beer through additional outlets such as grocery and convenience stores, the Division selected a number of currently available products for testing by the KBI Laboratory. The products submitted for testing represent a significant portion of all malt beverages sold in Kansas. Test results are indicated in the table below.

% ALCOHOL BY WEIGHT		
BRAND	CMB	STRONG
BUDWEISER	3.22	3.96
COORS	3.15	3.56
MILLER	3.01	3.6
BUD LIGHT	3.13	3.33
COORS LIGHT	3.14	3.29
MILLER LITE	3.05	3.22
COLT 45 MALT LIQUOR	N/A	4.58
KING COBRA MALT LIQUOR	N/A	4.81
SCHLITZ MALT LIQUOR	N/A	4.87
CORONA EXTRA BEER	N/A	3.58
FOSTERS LAGER	N/A	4.22
HEINEKEN LAGER	2.97	4.09
MOLSON CANADIAN BEER	N/A	3.87
ANALYSIS ACCURACY $\pm .05\%$		

REVENUES

Enforcement taxes are estimated to increase by \$1.3 million while license fees would rise by approximately \$1.0 million, adding \$2.3 million annually to the State General Fund. Package sales of CMB would be subject to the 8% enforcement tax in lieu of state and local sales tax. The enforcement tax estimate is based on FY 1992 gallonage tax collections and related beer distributor and industry data. Package sales were estimated to be approximately 50% of both strong and CMB total sales. Gross retail sales are based on per gallon estimates of \$7.55 (\$4.25/6 pack) for strong beer and \$7.11 (\$4.00/6 pack) for CMB. These produce gross retail sales of \$124,948,935 for strong beer and \$58,184,725 for CMB. These sales figures were further refined to reflect the anticipated shift, due to convenience and price, to non-liquor store outlets. It is estimated that up to 50% of liquor store package sales will shift to grocery or convenience stores. Also, the bill provides for the distribution of \$780,000 annually to the cities and counties to account for the local sales tax loss on CMB. Together these items result in an increase to the State General Fund of \$1.3 million from additional enforcement tax collections.

It should be noted that several variables can have an impact on the estimating process used above. For example, an increase in the federal taxes on malt beverages would trigger an increase in retail sales price and, subsequently, an increase in enforcement tax collections. Any fluctuations in retail pricing, whether driven by federal tax rates or competition within the industry will have a corresponding effect on tax revenues. A decrease in the average retail sales price of 50 cents per 6-pack would reduce enforcement tax collections by approximately \$500,000. A similar increase would have a corresponding positive impact on tax collections.

Finally, the shift from sales tax to enforcement tax results in a change in distributions to certain other funds. Under current law, state sales tax collections (in this case on CMB) are further distributed to the State Highway Fund (5.1%) and to school finance (13.27%). House Bill 2510 does not address the reductions in these distributions. Consequently, deposits to these two funds would be expected to decrease by approximately \$145,404 and \$378,335, respectively.

LICENSING AND REGULATORY AUTHORITY

Licensing and regulatory authority over CMB retailers would be transferred from local governing bodies to the Director of the Alcoholic Beverage Control Division of the Kansas Department of Revenue. The Division would be authorized to issue three new classes of CMB licenses: Class I (\$250) = package sales for off-premise consumption; Class II (\$250) = sale by the drink for on-premise consumption; Class III (\$500) = combination of I & II. Local governing bodies would be required to levy an annual occupational tax on CMB licenses not to exceed \$200.

As of January 31, 1993, the ABC Division licenses and monitors the activities of 2,498 businesses directly involved in the wholesale or retail sale of alcoholic beverages within the state. In addition, the Division has issued 1,309 permits to salespersons, suppliers and transportation firms. The Division estimates that House Bill 2510 would result in an additional 3,587 applications for the various CMB licenses. All applicants would be subject to the same basic procedures currently applied to retail liquor stores, clubs, etc. Background checks would be conducted prior to the issuance of a license. Grocery and convenience stores would be subject to routine inspections. When violations are detected, CMB licensees would be subject to administrative fines, suspensions or license revocation.

In order to effectively regulate a much larger licensee base, the Division anticipates a corresponding increase in operational costs. Those costs are estimated as follows:

Annual Costs	
Salary & Wages (35 new F.T.E.)	\$1,024,586
Contractual Services	190,093
Commodities	<u>19,360</u>
	\$1,234,039

One-time Costs	
Capital Outlay	\$70,464
Contractual Services	<u>5,314</u>
	\$75,778

House Bill 2510 would take full effect on January 1, 1994. Regulatory authority is granted to the Department of Revenue as of July 1, 1993 in order to begin implementation of licensing and related procedures.

Flow of Alcoholic Beverage Products

DISTRIBUTION AND SALE OF PRODUCTS

TYPES OF PRODUCTS

Liquor - Beer containing more than 3.2% alcohol by weight, spirits and wine. Establishments which sell liquor are licensed by the Alcoholic Beverage Control Division.

Cereal Malt Beverage (CMB) - Beer containing 3.2% or less alcohol by weight. Establishments which sell CMB are licensed locally.

FLOW OF PRODUCTS

Spirits 1. Out-of-state supplier; 2. In-state distributor; 3. Retail liquor store; 4. Consumer **or** on-premise establishment.

Wine 1. Out-of-state supplier; 2. In-state distributor; 3. Retail liquor store; 4. Consumer **or** on-premise establishment.

Strong Beer 1. Out-of-state supplier; 2. In-state distributor; 3. Retail liquor store; 4. Consumer **or** on-premise establishment.

Bulk Wine 1. Out-of-state supplier; 2. In-state distributor; 3. Retail liquor store **or** on-premise establishment.

CMB 1. Out-of-state supplier; 2. In-state distributor; 3. Locally licensed CMB retailer **or** state-licensed on-premise liquor establishment also holding local CMB license.

POINT OF CONSUMPTION

On-Premise Refers to licensed establishment where alcohol must be consumed on the premises. On-Premise outlets include drinking establishments, Class A & B Private clubs, Caterers and Hotel Drinking Establishments, which are all licensed by the ABC, as well as locally licensed taverns and restaurants which are licensed to sell 3.2 beer.

Off-Premise Refers to licensed establishments where alcohol must be consumed away from the licensed premises. Off-Premise outlets include Retail Liquor Stores which are licensed by the ABC as well as locally licensed 3.2 beer package stores (e.g. convenience stores, grocery stores, and gas stations).

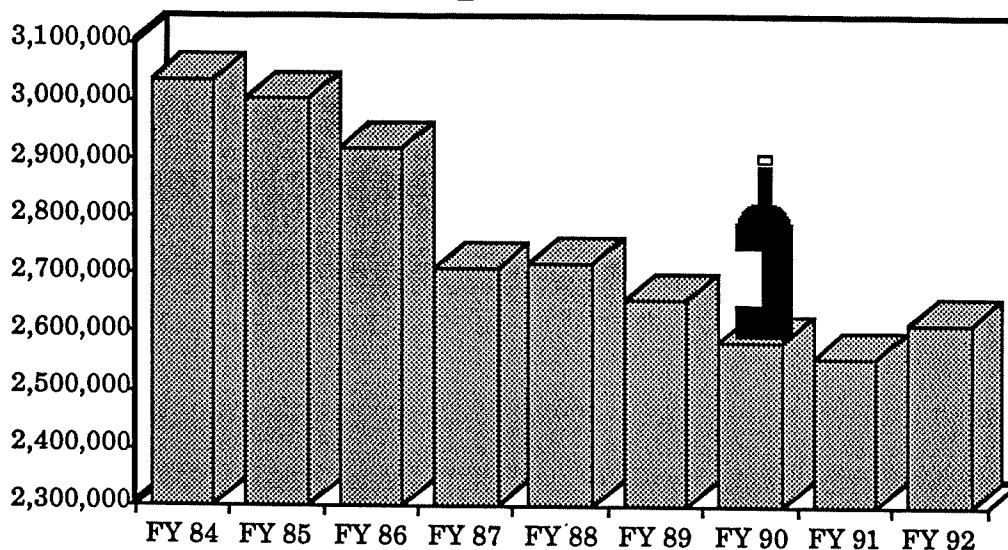
Gallons of Alcoholic Beverages Shipped into Kansas

Alcohol Type	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	9 Year Trend
Spirits	3,037,866	3,002,683	2,919,682	2,710,292	2,718,939	2,654,234	2,584,771	2,557,744	2,615,724	-13.90%
Fortified Wine	160,074	148,707	171,337	152,377	159,477	147,307	150,897	153,987	122,817	-23.27%
Light Wine	1,799,085	2,125,134	2,207,896	2,567,727	2,290,187	1,906,735	1,868,130	1,864,873	1,919,016	6.67%
Strong Beer	22,324,246	21,978,266	23,130,470	24,534,916	26,092,762	29,492,634	30,035,550	32,082,816	33,099,056	48.27%
3.2 Beer	28,474,112	28,203,908	25,678,264	23,799,929	19,833,758	18,445,885	17,667,211	17,211,138	16,367,011	-42.52%
Gallonage Revenue	\$17,298,150	\$17,288,570	\$16,567,205	\$16,360,604	\$16,170,785	\$15,947,018	\$15,772,037	\$15,942,224	\$16,111,020	-6.86%
Alcohol Type	% Chng 84	% Chng 85	% Chng 86	% Chng 87	% Chng 88	% Chng 89	% Chng 90	% Chng 91	% Chng 92	
Spirits	0.51%	-1.16%	-2.76%	-7.17%	0.32%	-2.38%	-2.62%	-1.05%	2.27%	
Fortified Wine	-6.31%	-7.10%	15.22%	-11.07%	4.66%	-7.63%	2.44%	2.05%	-20.24%	
Light Wine	3.47%	18.12%	3.89%	16.30%	-10.81%	-16.74%	-2.02%	-0.17%	2.90%	
Strong Beer	-1.57%	-1.55%	5.24%	6.07%	6.35%	13.03%	1.84%	6.82%	3.17%	
3.2 Beer	2.94%	-0.95%	-8.95%	-7.31%	-16.66%	-7.00%	-4.22%	-2.58%	-4.90%	

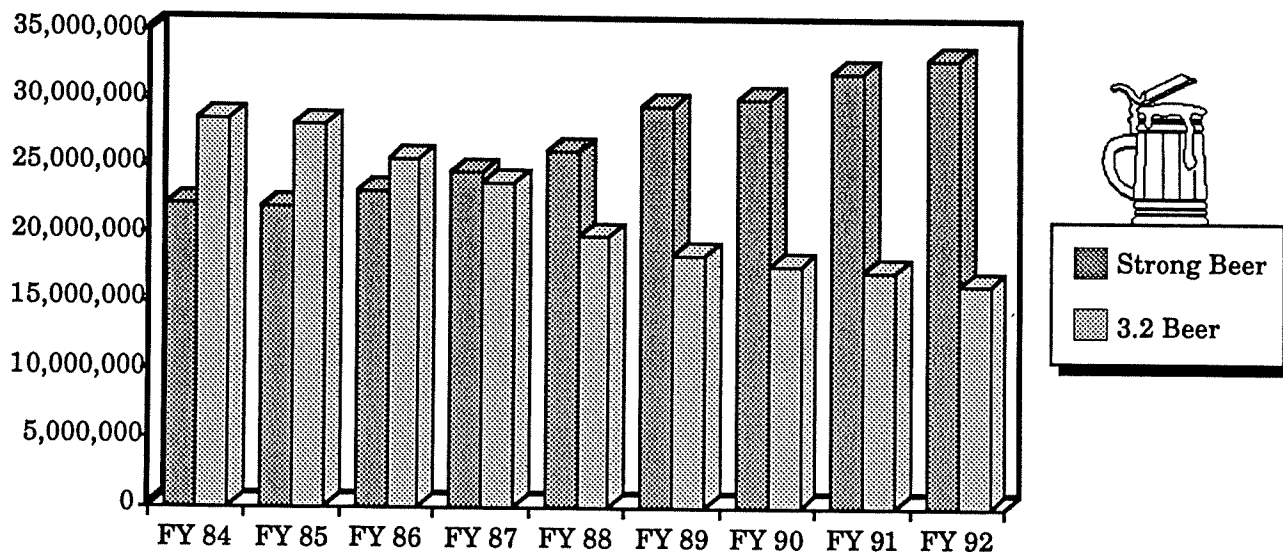
FY 84
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Gallons of Spirits and Beer Shipped into Kansas

Spirits

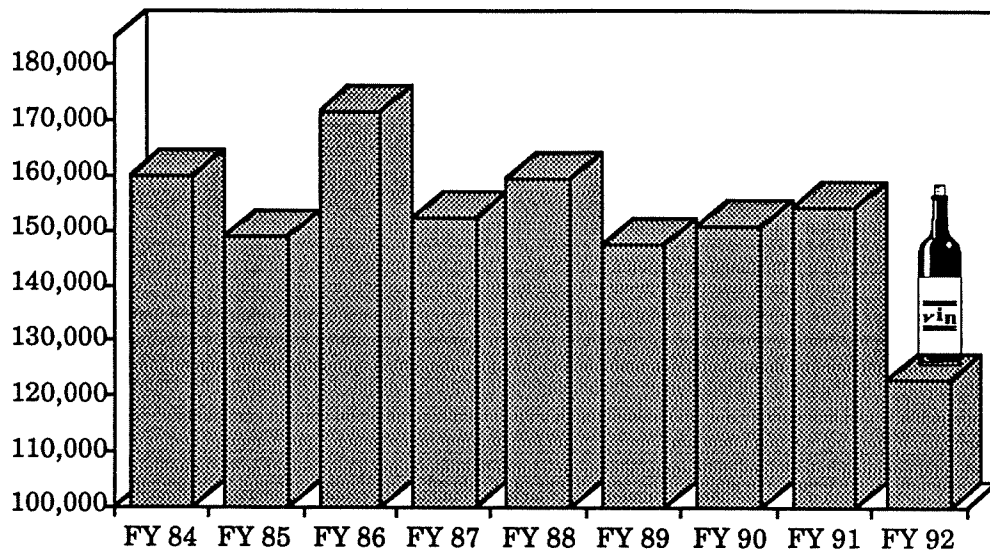


Beer

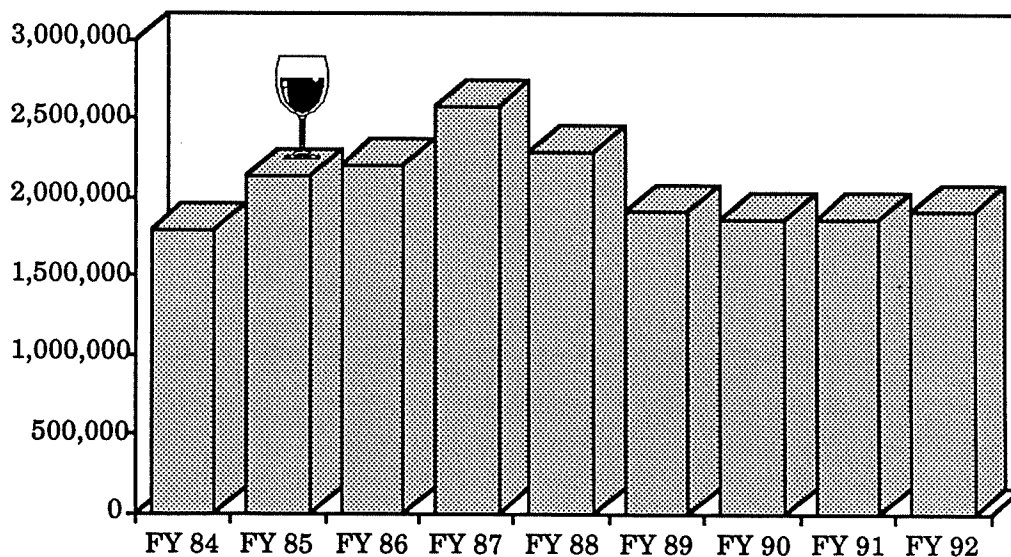


Gallons of Wine Shipped into Kansas

Fortified Wine



Light Wine



Licensing Structure

LICENSING OF ALCOHOLIC BEVERAGE OUTLETS

TYPE OF LICENSES

Manufacturer - May store and sell alcoholic beverages to distributors and to nonbeverage users. Fee: \$2,500 to manufacture spirits, \$500 to manufacture wine and \$200 to \$1,600 to manufacturer beer, depending on daily capacity.

Spirits Distributor - May purchase, import and store spirits. Spirits may be sold to:

- retail liquor stores
- other spirits distributors

Fee: \$1,000

Wine Distributor - May purchase, import and store wine. Wine may be sold to:

- retail liquor stores
- on-premise establishments if wine is sold in bulk containers which individually exceed 20 liters
- other wine distributors

Fee: \$1,000

Beer Distributor - May purchase, import and store 3.2 beer and strong beer. 3.2 beer may be sold to:

- other beer distributors
- private clubs, drinking establishments and CMB retailers

Strong beer may be sold to:

- retail liquor stores
- private clubs, drinking establishments and caterers
- other beer distributors

Fee: \$1,000

Retail Liquor (Store) - May sell spirits, wine, strong beer and cereal malt beverage less than 0.5% alcohol by weight in the original package to the general public for consumption away from the premises. No other products may be sold except for authorized lottery tickets and shares. Alcoholic products may also be sold to on-premise establishments. Deliveries are allowable to on-premise establishments located within the same county or an adjacent county in which the retailer is located. Products may not be delivered to consumers or temporary permit holders.

Fee: \$250.

Hours: 9 a.m. to 11 p.m. Monday through Saturday. Cannot sell liquor on Memorial Day, Independence Day, Labor Day, Thanksgiving Day or

Christmas Day or on the day of any national, state, county or city primary or general election during polling hours.

Farm Winery - May manufacture and sell wine in the original unopened package to consumers for consumption off the premises. Wine may also be sold to:

- wine distributors
- retail liquor stores
- private clubs, drinking establishments and caterers

Samples may be served for consumption on the premises if the farm winery is located within a liquor-by-the-drink county.

Fee: \$250

Hours: 6 a.m. to midnight Monday through Saturday and noon to 6 p.m. on Sunday.

Maximum Production Limit: 50,000 barrels per year.

A farm winery licensee may also obtain a drinking establishment license, if located within a liquor-by-the-drink county, or private club license. A farm winery licensee may hold a maximum of two winery outlet licenses, allowing for consumer sales and samplings at premises other than the winery.

Microbrewery - May manufacture, store and sell beer containing not more than 8 percent alcohol by weight, in the original unopened package to consumers for consumption off the premises. Beer may also be sold to beer distributors and caterers. Samples may be served for consumption on the premises if the microbrewery is located within a liquor-by-the-drink county.

Fee: \$250

Hours: 6 a.m. to midnight Monday through Saturday and noon to 6 p.m. on Sunday.

Minimum Production Limit: 100 barrels per year.

Maximum Production Limit: 5,000 barrels a year.

A microbrewery licensee may also obtain a drinking establishment license, if located within a liquor-by-the-drink county, or private club license.

Class A Private Club (not for profit) - May sell and serve alcoholic beverages to members, their families and guests accompanying them for consumption on the premises. Class A private clubs may enter into reciprocal agreements.

Fees:

- | | |
|--|---------|
| • Fraternal or War Veterans | \$250 |
| • Social Club with 500 or less members | \$500 |
| • Social Club with more than 500 members | \$1,000 |

Hours: 9 a.m. to 2 a.m. daily.

Class B Private Club (for profit) - May sell and serve alcoholic beverages to members and guests of members for consumption on the premises. If the food sales of a club comprises 50% of its total food and beverage sales, the

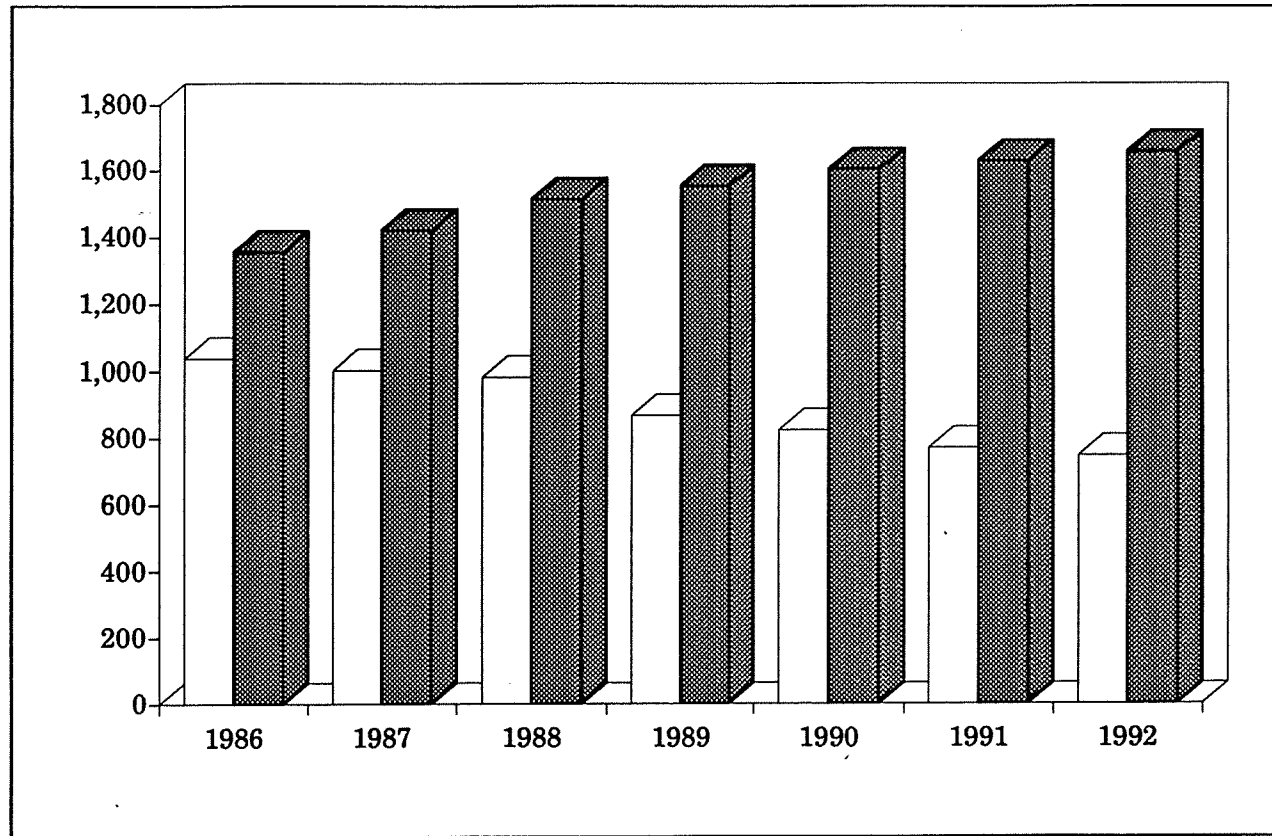
ALCOHOLIC BEVERAGE LICENSING

LICENSE TYPE	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
ON-PREMISE ESTABLISHMENTS							
Class A Private Clubs	399	399	391	379	376	376	375
Class B Private Clubs	955	1,020	525	443	405	405	384
Drinking Establishments	•	•	545	674	770	789	842
Caterers	•	•	4	8	6	6	5
Hotels	•	•	28	26	23	30	24
Drinking Establishment/Caterers	•	•	15	19	16	15	16
Hotel/Caterers	•	•	4	4	6	6	9
TOTAL	1,354	1,419	1,512	1,553	1,602	1,627	1,655
Percent Change	3.6%	4.8%	6.6%	2.7%	3.2%	1.6%	1.7%
						1986 to 1992:	22.2%
OFF-PREMISE ESTABLISHMENTS							
Retail Liquor Stores	1,037	1,002	982	868	824	769	747
Percent Change	-4.4%	-3.4%	-2.0%	-11.6%	-5.1%	-6.7%	-2.9%
						1986 to 1992:	-28.0%
3.2 Beer City/County Licensees							
	•	•	437*	4,812	4,372	4,283	4,135
DISTRIBUTORS							
Spirits	•	•	9	8	9	9	8
Wine	•	•	43	33	15	12	10
Beer	•	•	59	56	55	54	54
Liquor	10	9	•	•	•	•	•
Strong Beer	65	62	•	•	•	•	•
3.2 Beer	54	48	•	•	•	•	•
OTHER							
Microbrewery	•	•	0	1	1	1	1
Farm Winery	0	0	0	2	2	2	2
Alcohol/Spirits Manufacturers	1	1	1	1	1	1	1
Non-Beverage Users	8	11	10	7	6	6	6
Bonded Warehouses	1	1	1	1	1	1	1

* Included only new licensees

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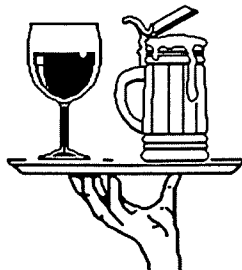
Number of Retail-Level Liquor Licensees



□ Retail Liquor Stores
▨ On-Premise Establishments

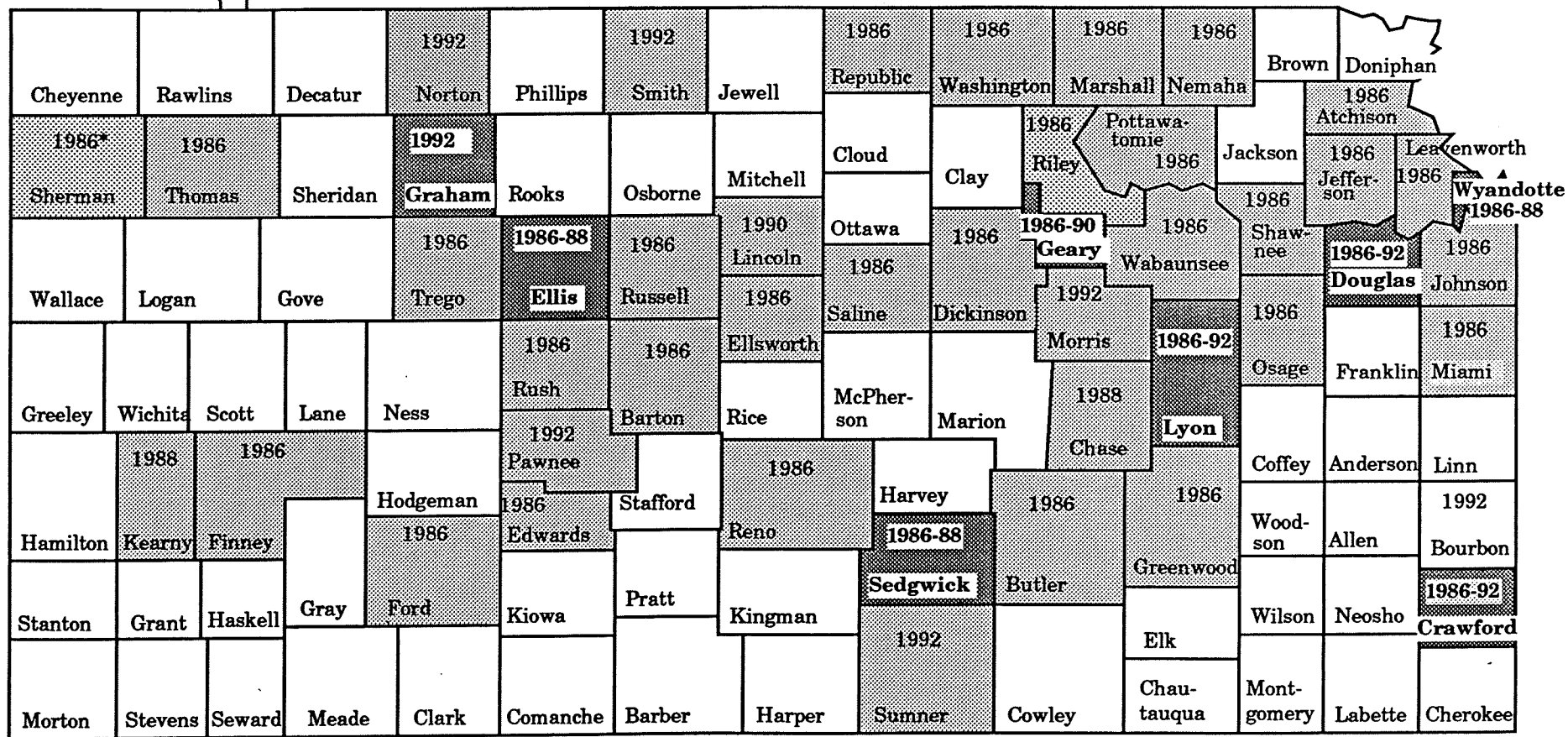


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Kansas Liquor-By-The-Drink

January 1, 1993



No Liquor-By-The-Drink



Liquor-by-the-drink allowed with 30% food requirement



Liquor-by-the-drink allowed with no food requirement

* Year county voted for liquor-by-the-drink/remove the 30% food requirement

FSH
3-8-93
3/12

TAXES ON THE DISTRIBUTION AND SALE OF ALCOHOLIC OF BEVERAGES

Gallonage Tax - Paid by in-state manufacturer, microbrewery or farm winery as product is produced or distributor as product is received from out-of-state supplier.

RATES:

- Spirits \$2.50
- Fortified Wine \$0.75 (wine containing more than 14% alcohol by volume)
- Light Wine \$0.30 (wine containing 14% or less alcohol by volume)
- Strong Beer \$0.18
- 3.2 Beer \$0.18

DISTRIBUTION: Tax on fortified wine, light wine, strong beer and 3.2 beer are all distributed exclusively to the State General Fund. The tax on spirits is allocated 90% to the State General Fund and 10% to the Community Alcoholism and Intoxication Programs Fund (SRS).

DUE: On the 15th day of the month following the month in which the product was imported into the state or manufactured in the state.

Liquor Enforcement Tax - Paid by retail liquor (store) licensees on the gross receipts from the sale of liquor (spirits, wine and strong beer). This tax is in lieu of the Retailer's Sales Tax.

RATE: 8%.

DISTRIBUTION: 100% to the State General Fund.

DUE: On the last day of each month for the prior month's collections of the tax by the licensee.

Liquor Drink Tax - Paid by drinking establishment, caterer, and private club licensees and temporary permit holders on the gross receipts from the sale of all alcoholic beverages. This tax is in lieu of the Retailer's Sales Tax.

RATE: 10%.

DISTRIBUTION: 25% to the State General Fund, 5% to the Community Alcoholism and Intoxication Programs Fund (SRS) and 70% to the Local Alcoholic Liquor Fund. The State Treasurer makes quarterly distributions to cities and counties from the Local Alcoholic Liquor Fund. Of the moneys distributed to cities and counties, one-third must be deposited in the local general fund, one-third in the local parks and recreation fund, and one-third in the local special alcohol and drug programs fund. For cities with populations of 6,000 or less, the one-third for the special alcohol and drug programs fund is distributed to the appropriate county and deposited in the county's alcohol and drug programs fund.

DUE: On the last day of the month following collection of the tax by the licensee.

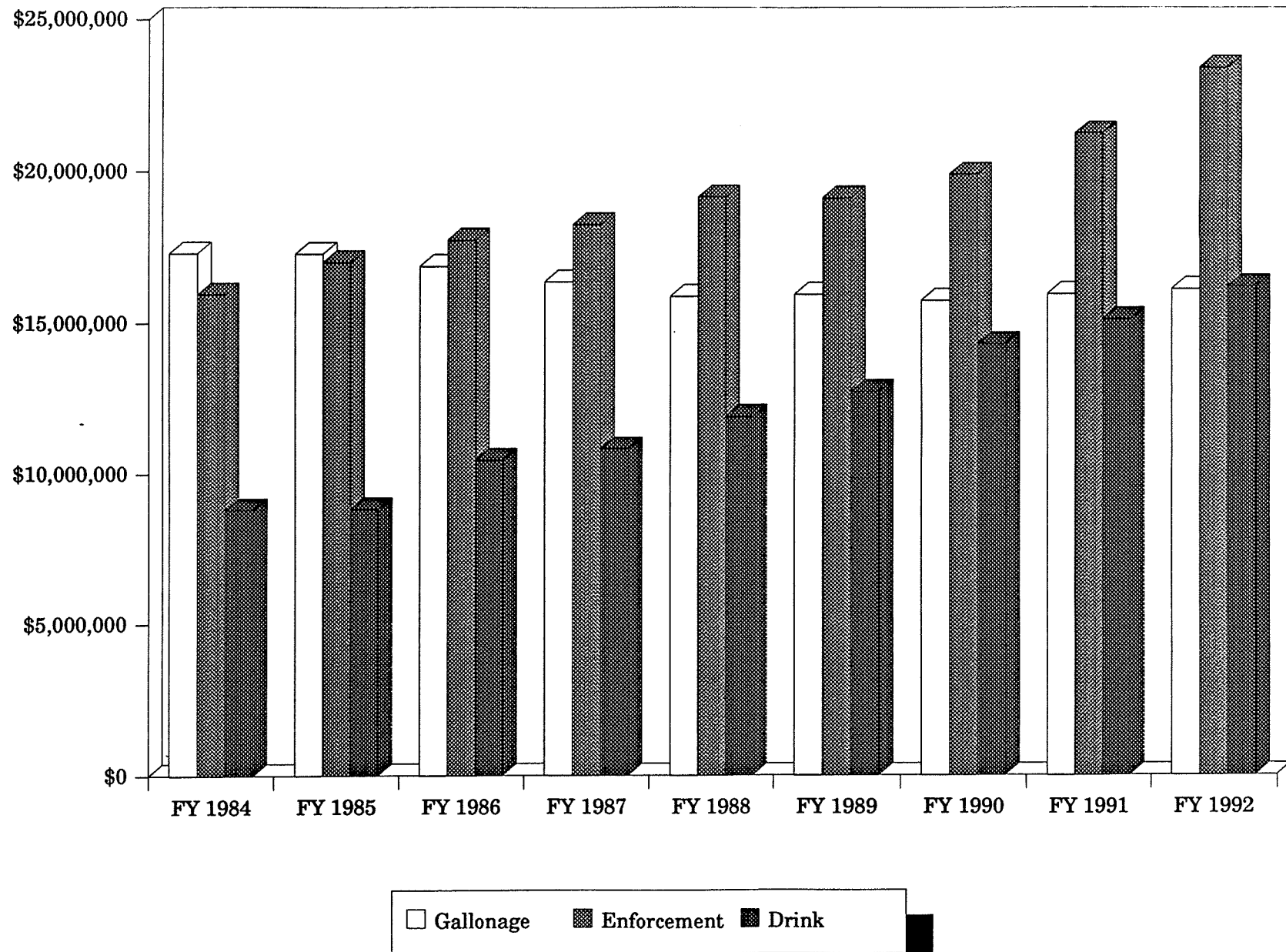
Retailer's Sales Tax - Paid by a retailer on gross receipts from the sale of goods or services. The retailer's sales tax is imposed upon the sale of 3.2 beer on premises which are not licensed to sell liquor. This includes packaged sales of 3.2 beer for consumption away from the premises (convenience stores, grocery stores and gas stations) as well as sales of 3.2 beer for consumption on the premises (beer taverns, and restaurants without liquor licenses). The Liquor Drink Tax is applied to the sale of 3.2 beer on premises licensed to sell liquor (drinking establishments, caterers and private clubs).

REVENUE FROM TAXATION AND CONTROL OF ALCOHOLIC BEVERAGES

	Rate	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	9 Year Trend
Distributor-Based Tax Collections											
Spirits Gallonage	\$2.50/gallon	\$7,494,665	\$7,506,708	\$7,299,205	\$6,775,731	\$6,800,348	\$6,635,584	\$6,461,928	\$6,394,359	\$6,539,310	
% Change		-0.8%	0.2%	-2.8%	-7.2%	0.4%	-2.4%	-2.6%	-1.0%	2.3%	-12.7%
Fortified (14%) Wine Gallonage	\$0.75/gallon	\$120,056	\$111,530	\$128,503	\$114,283	\$119,607	\$110,480	\$113,173	\$115,490	\$92,113	
% Change		-6.3%	-7.1%	15.2%	-11.1%	4.7%	-7.6%	2.4%	2.0%	-20.2%	-23.3%
Light Wine Gallonage	\$0.30/gallon	\$539,725	\$637,540	\$662,369	\$770,318	\$687,056	\$572,021	\$560,439	\$559,462	\$575,705	
% Change		3.5%	18.1%	3.9%	16.3%	-10.8%	-16.7%	-2.0%	-0.2%	2.9%	6.7%
Strong Beer Gallonage	\$0.18/gallon	\$4,018,364	\$3,956,087	\$4,163,485	\$4,416,285	\$4,696,697	\$5,308,674	\$5,406,399	\$5,774,907	\$5,957,830	
% Change		-1.6%	-1.5%	5.2%	6.1%	6.3%	13.0%	1.8%	6.8%	3.2%	48.3%
3.2 Beer Gallonage	\$.018/gallon	\$5,125,340	\$5,076,703	\$4,622,087	\$4,283,987	\$3,570,077	\$3,320,259	\$3,180,098	\$3,098,005	\$2,946,062	
% Change		2.9%	-0.9%	-9.0%	-7.3%	-16.7%	-7.0%	-4.2%	-2.6%	-4.9%	-42.5%
Total Gallonage Tax											
% Change		0.2%	-0.1%	-2.4%	-3.1%	-3.0%	0.5%	-1.4%	1.4%	1.1%	-6.9%
Retail-Based Tax Collections											
Liquor Enforcement	10%	\$15,937,603	\$17,009,726	\$17,743,454	\$18,246,248	\$19,147,631	\$19,113,168	\$19,890,766	\$21,233,258	\$23,403,153	
% Change		78.9%	6.7%	4.3%	2.8%	4.9%	-0.2%	4.1%	6.7%	10.2%	46.8%
Liquor Drink	8%	\$8,786,612	\$8,822,024	\$10,477,539	\$10,843,543	\$11,915,452	\$12,719,809	\$14,292,239	\$15,109,059	\$16,187,296	
% Change		4.3%	0.4%	18.8%	3.5%	9.9%	6.8%	12.4%	5.7%	7.1%	84.2%
ABC Fees/Fines											
License Fees	•	\$1,105,669	\$1,172,320	\$1,207,968	\$1,335,765	\$1,228,464	\$1,738,148	\$1,792,780	\$1,792,142	\$1,869,479	
% Change		1.4%	6.0%	3.0%	10.6%	-8.0%	41.5%	3.1%	0.0%	4.3%	69.1%
Registration Fees	•	\$47,442	\$45,775	\$47,171	\$50,181	\$482,385	\$53,132	\$50,174	\$46,560	\$48,550	
% Change		5.7%	-3.5%	3.0%	6.4%	861.3%	-89.0%	-5.6%	-7.2%	4.3%	2.3%
Fines	•	\$135,883	\$66,260	\$56,090	\$54,025	\$283,675	\$196,025	\$144,132	\$171,831	\$153,110	
% Change		66.9%	-51.2%	-15.3%	-3.7%	425.1%	-30.9%	-26.5%	19.2%	-10.9%	12.7%
3.2 Beer Retail Stamps	\$25	\$0	\$0	\$0	\$0	\$10,925	\$120,300	\$109,315	\$107,083	\$103,395	
% Change		•	•	•	•	•	1001.1%	-9.1%	-2.0%	-3.4%	•
Other ABC Fees	•	\$90,508	\$89,316	\$87,448	\$99,588	\$397,611	\$89,705	\$96,491	\$175,959	\$198,150	
% Change		1.7%	-1.3%	-2.1%	13.9%	299.3%	-77.4%	7.6%	82.4%	12.6%	118.9%
ABC Total Collections	•	\$18,677,652	\$18,662,239	\$17,977,036	\$17,900,163	\$18,276,845	\$18,144,328	\$17,968,533	\$18,235,799	\$18,483,703	
% Change		0.6%	-0.1%	-3.7%	-0.4%	2.1%	-0.7%	-1.0%	1.5%	1.4%	-1.0%
Business Tax Total Collections	•	\$24,724,215	\$25,831,750	\$28,220,993	\$29,089,791	\$31,063,083	\$31,832,977	\$34,183,005	\$36,342,317	\$39,590,449	
% Change		42.7%	4.5%	9.2%	3.1%	6.8%	2.5%	7.4%	6.3%	8.9%	60.1%
TOTAL REVENUE	•	\$43,401,867	\$44,493,989	\$46,198,029	\$46,989,954	\$49,339,928	\$49,977,305	\$52,151,538	\$54,578,116	\$58,074,152	
% Change		20.9%	2.5%	3.8%	1.7%	5.0%	1.3%	4.4%	4.7%	6.4%	33.8%

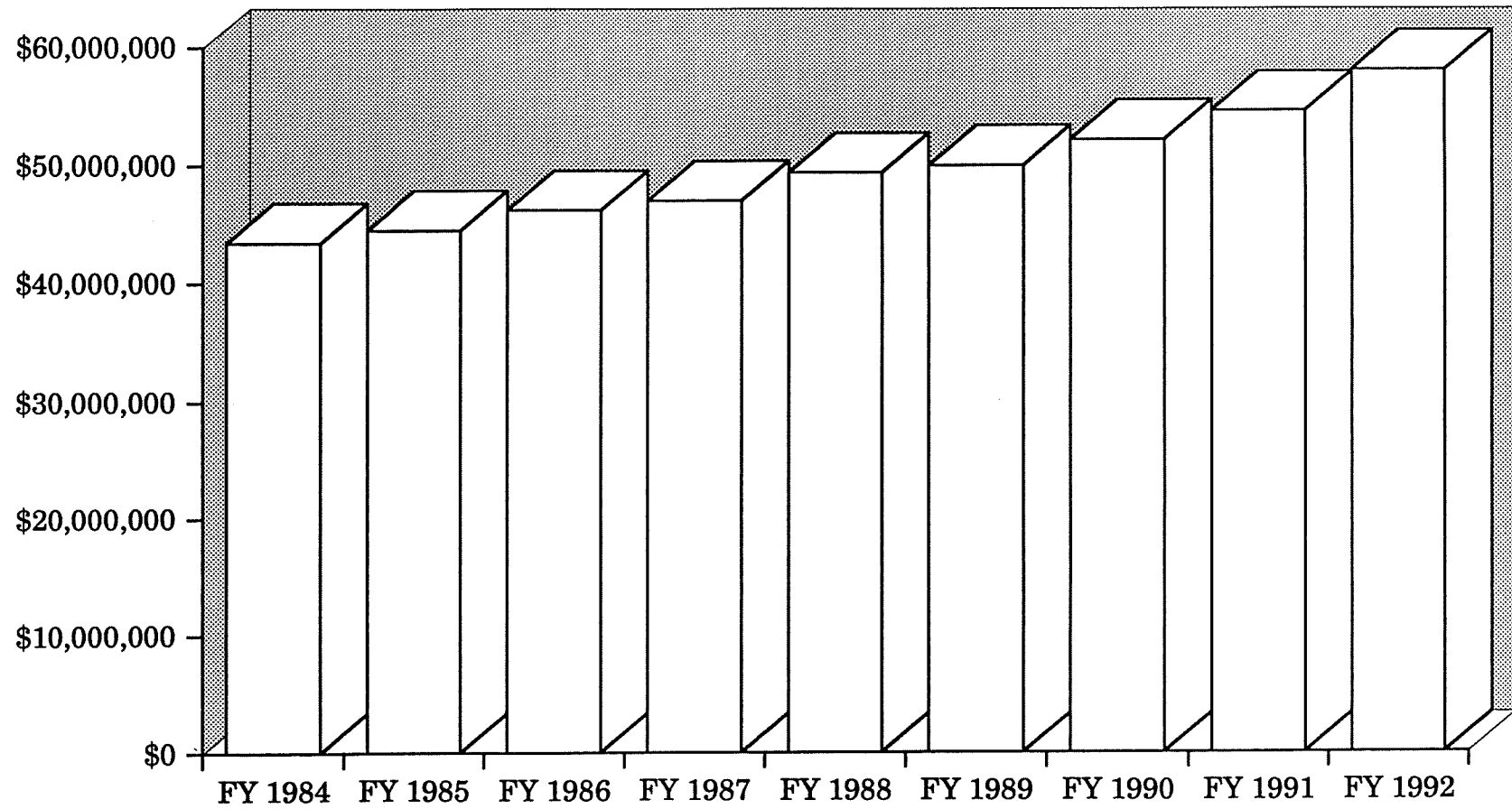
3/5
 3-8-93
 FY 54

Alcoholic Beverage Tax Collections



FY 5A
3-8-83
3/16

Total Revenue From Taxation and Control of Alcoholic Beverages



FY 5A
3-8-93

317

CORRECTIONS

Licensing Structure Section

The license fee for Cereal Malt Beverage Off-Premise Retail outlets, which are issued by city and county governments, range from \$25 to \$50 rather than \$25 to \$200. The license fee for CMB licenses is in addition to the \$25 state stamp issued by the Alcoholic Beverage Control Division.

Taxation on Alcoholic Beverages Section

The liquor drink tax, which is paid by on-premise liquor licensees, and the liquor enforcement tax, which is paid by retail liquor store licensees, is due on the 25th day of the month following collection of the tax by the licensee rather than on the last day of the month following collection of the tax. This change was made by the 1992 Legislature.

Total gallonage tax collections was inadvertently omitted from the "Revenue From Taxation and Control of Alcoholic Beverages" table. Below are the missing figures:

	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
Total Gallonage Tax	\$17,298,150	\$17,288,568	\$16,875,649	\$16,360,604	\$15,873,785	\$15,947,018	\$15,722,037	\$15,942,223	\$16,111,020

The tax rates for the liquor drink tax and the liquor enforcement tax were reversed in the table. The tax rate on liquor enforcement tax (retail liquor stores) is 8 percent while the tax rate on the liquor drink tax (on-premise establishments) is 10 percent.

FY 5A
3-8-93
3/19