

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 January 13, 2011, in Room 144-S of the Capitol.

All members were present except:
Senator Steve Morris

Committee staff present:

Jason Long, Office of the Revisor of Statutes
Doug Taylor, Office of the Revisor of Statutes
Dennis Hodgins, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Connie Burns, Committee Assistant

Conferees appearing before the Committee:

Thomas Groneman, Alcohol Beverage Control

Others attending:

See attached list.

Thomas Groneman, Director, Alcohol Beverage Control Division (ABC), provided a brief overview on the Alcoholic Beverage Control Division. (Attachment 1) The number one priority of the ABC is to provide regulation of the liquor industry by fairly administering and enforcing the liquor laws of Kansas to ensure compliance and to maintain a level playing field among all licensees. The ABC is divided into three organizational units: licensing, administration and enforcement.

Licensing – currently there are 4,463 active liquor licenses and permits for retail liquor stores, distributors, manufacturers, farm wineries, microbreweries, on-premise establishments (class “A” clubs, class “B” clubs and drinking Establishments), caterers, special order shippers, suppliers and temporary permit holders. In addition, Licensing Team members answered 5,992 telephone calls and assisted 398 walk-in customers. ABC requested legislation during the 2010 legislative session to change the term of a license from one year to two years. This legislation passed and became effective July 1, 2010. The change in the license term will be phased in over the next two years. The Licensing Team is responsible for collecting the various gallonage taxes, while the Miscellaneous Tax Segment is responsible for collecting liquor enforcement and liquor drink taxes.

The ABC Administrative Unit performs general staff support for the Director and Chief Enforcement Officer and related work such as budget preparation, personnel record keeping, equipment management, records management, systems management, criminal history background investigations on licensees and coordinates the division’s activities.

The Enforcement Unit provides investigative support for the ABC Director and the Chief enforcement Officer. There are currently 20 agent positions, of which one is vacant. Enforcement agents are certified law enforcement officers. They conduct criminal and administrative investigations to determine compliance with liquor laws. Agents provide training to licensees and local law enforcement officers, conduct controlled buy operations and bar checks; investigate complaints and hidden ownerships; and perform routine compliance checks.

The Licensee Administrative Action Unit (LAA) is staffed by the Assistant Attorney General (AAG) assigned to the ABC, a legal assistant and one support staff. The AAG reviews the cases presented by the enforcement section and local law enforcement agencies to determine the appropriateness of the charges and administratively prosecutes violations of the liquor laws before the Director.

Over the years the ABC has been assigned other duties, including conducting the compliance checks required under the federal Synar amendment. Under Synar, the state must maintain a minimum compliance rate of 80% for sales of cigarettes to minors or risk losing a portion of the block grant monies allocated to SRS for substance abuse programs. In 2009 and 2010, ABC has had a compliance rate of 92%. On September 9, 2010, ABC was awarded a contract with the Federal Food and Drug Administration (FDA) for the enforcement of certain federal laws pertaining to the sale and advertising of cigarettes and smokeless tobacco particularly to youth. This is an annual contract subject to renewal on a

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on January 13, 2011, in Room 144-S of the Capitol.

yearly basis.

KDOR/ABC recently entered into a Memorandum of Understanding with the State Fire Marshall to inspect tobacco retailers and seize cigarettes that are not fire safe compliant. The duration is one year, and it is anticipated once all retailers have been inspected there will be a reduction of such violations by the end of the contract term, and this agreement will be reviewed for the need to renew at that time.

ABC agents are responsible for levying drug tax assessments across the state. Kansas has instituted a tax on illegal drugs, and anytime illegal drugs are found without drug tax stamps affixed, ABC agents are called out to assess the appropriate tax and penalty.

ABC provided 2010 Amendments to Kansas Liquor Laws and the History of Kansas Liquor Tax Rates.

ABC provided Liquor Density Maps:
Liquor-by-the-drink (wet/dry counties)
Dry Cities
Total Active off-Premise Retailers
Total Active On-Premise Retailers
Total Active distributors
Total Active Farm Wineries and Outlets
Total Active Microbreweries
Total Active Manufacturers

The Director addressed questions from the committee and provided a policy memorandum on drink pricing. (Attachment 2)

The next meeting is scheduled for January 18, 2011. The meeting was adjourned at 11:26 a.m.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST

DATE 1-13-11

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Alcoholic Beverage Control Division
Legislative Briefing



Tom Groneman, Director
January 13, 2011

Sn Fed & State
Attachment 1

1-13-11

The number one priority of the Alcoholic Beverage Control Division (ABC) is to provide regulation of the liquor industry by fairly administering and enforcing the liquor laws of Kansas to ensure compliance and to maintain a level playing field among all licensees.

ABC is divided into three organizational units: licensing, administration and enforcement.

Licensing

Currently there are 4,463 active liquor licenses and permits for retail liquor stores, distributors, manufacturers, farm wineries, microbreweries, on-premise establishments (class "A" clubs, class "B" clubs and Drinking Establishments), caterers, special order shippers, suppliers and temporary permit holders. In addition, Licensing team members answered 5,992 telephone calls and assisted 398 walk-in customers. ABC requested legislation during the last legislative session to change the term of a license from one year to two years. This legislation passed and became effective July 1, 2010. The change in the license term will be phased in over two years.

The following is a summary of active liquor licenses by license type for fiscal years 2007 through 2011:

License Type	2007	2008	2009	2010	2011
Retail Liquor Store*	731	734	742	752	766
Class "A" Clubs*	315	300	302	296	291
Class "B" Clubs*	150	149	136	128	126
Drinking Establishments**	1,674	1,637	1,672	1,695	1,722
Caterers**	120	137	143	157	170
Beer Distributors*	42	41	40	37	37
Spirits Distributors*	6	17	15	14	23
Wine Distributors*	8	16	15	14	25
Microbreweries*	14	16	18	15	17
Farm Wineries*	18	19	22	23	24
Outlets*	6	6	8	9	9
Winery Shipping Permits					
In-State		2	1	Repealed	
Out-of-State		38	57	Repealed	
Special Order Shipping*				262	347
Manufacturers*	6	7	4	5	5
Temporary Permits	338	280	316	315	125
Supplier Permits	565	626	693	773	776
TOTAL	3,993	4,025	4,184	4,350	4,463

* Two year license term effective July 1, 2010.

** Two year license term effective July 1, 2011.

The Licensing Team is responsible for collecting the various gallonage taxes, while the Miscellaneous Tax Segment is responsible for collecting liquor enforcement and liquor drink taxes. The following liquor related taxes were collected during FY2007-FY2011.

Gallonage Tax Rates per Gallon:

Alcohol/Spirits	\$2.50
Fortified Wine	\$0.75
Light Wine	\$0.30
Beer and CMB	\$0.18

Tax Type	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 (6 months)
Gallonage - Beer	\$8,328,417	\$8,382,304	\$8,713,269	\$8,473,083	\$4,348,420
Gallonage - Cereal Malt Beverage	\$2,090,992	\$2,228,227	\$2,088,508	\$1,989,044	\$991,058
Gallonage - Alcohol and Spirits*	\$8,480,249	\$8,950,393	\$9,257,287	\$9,156,711	\$4,944,730
Gallonage - Wine	\$1,045,683	\$1,068,393	\$1,088,337	\$1,146,829	\$712,339
Gallonage - Farm Wineries	\$19,140	\$18,512	\$20,139	\$19,863	\$8,998
Gallonage - Microbreweries	\$58,593	\$54,643	\$61,121	\$66,104	\$43,850
Gallonage - Special Order Shippers				\$5,991	\$115
Gallonage Tax Total	\$20,023,074	\$20,702,472	\$21,228,661	\$20,857,625	\$12,924,727
Liquor Enforcement (8%tax)	\$47,138,288	\$49,982,534	\$53,794,049	\$54,826,767	\$27,363,750
Liquor Drink (10% tax)**	\$34,268,848	\$35,613,659	\$36,565,645	\$35,720,462	\$17,627,681
TOTAL TAX REVENUE	\$101,430,210	\$106,298,665	\$111,588,355	\$111,404,854	\$57,916,158

* 10% of Gallonage Tax on alcohol and spirits goes to SRS Community Alcoholism and Intoxication Program and 90% to the state general fund.

** 70% of Liquor Drink Tax goes to Local Alcoholic Liquor fund;
5% goes to the SRS Community Alcoholism and Intoxication Program; and,
25% to the state general fund.

Other alcohol related revenue collected for FY2007- FY2011:

Revenue Source	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 (6 months)
All Liquor Licensing and Registration Fees	\$2,588,600	\$2,620,664	\$2,619,254	\$2,598,314	\$1,674,106
Supplier's Permit	\$19,550	\$18,275	\$19,725	\$20,000	\$5,100
Label Fees	\$754,225	\$717,450	\$692,625	\$765,250	\$176,435
Cereal Malt Beverage Retail Stamp	\$80,225	\$78,405	\$81,825	\$78,325	\$19,575
ABC Liquor Fines	\$455,065	\$238,095	\$396,983	\$530,743	\$268,049
Total Other Alcohol Liquor Revenue	\$3,897,665	\$3,672,889	\$3,810,412	\$3,992,632	\$2,143,265
Total Tax Revenue	\$101,430,210	\$106,298,665	\$111,588,355	\$111,404,854	\$57,916,158
TOTAL ABC LIQUOR REVENUE	\$105,327,875	\$109,971,554	\$115,398,767	\$115,397,486	\$60,059,423

Administration

The ABC Administrative Unit performs general staff support for the Director and Chief Enforcement Officer and related work such as budget preparation, personnel record keeping, equipment management, records management, systems management, criminal history background investigations on licensees and coordinates the division's activities.

FY10 and FY11 budgets for the division are as follows:

Expenditures	FY 2010 Actual	FY 2011 Budget
Salary & Wages	\$2,352,116	\$2,423,958
OOE	\$259,972	\$312,047
TOTAL	\$2,612,008	\$2,736,005

Liquor Enforcement

The Enforcement Unit provides investigative support for the ABC Director and Chief Enforcement Officer. There are currently 20 agent positions, of which one is vacant. Enforcement agents are certified law enforcement officers. They conduct criminal and administrative investigations to determine compliance with liquor laws. Agents provide training to licensees and local law enforcement officers; conduct controlled buy operations and bar checks; investigate complaints and hidden ownerships; and, perform routine compliance checks. Enforcement works closely with local, state and federal law enforcement agencies as well as the Division of Taxation in carrying out these activities. Investigations resulting in alleged violations are presented to the County or District Attorney for criminal prosecution against the individual and/or the ABC Assistant Attorney General (AAG) for administrative action against the licensee.

Enforcement Activities for FY2007- FY2011:

Activity	2007	2008	2009	2010	2011 (6 months)
INSPECTIONS					
Number Performed	1,647	1,757	2,541	2,866	1,278
Violations	83	78	150	197	84
Compliance Rate	95%	96%	94%	93%	93%
SALES TO MINORS					
Random Controlled Buys Performed	529	537	420	608	240
Violations	149	110	83	97	42
Compliance Rate	72%	80%	80%	84%	83%
Chosen Controlled Buys Performed	399	615	323	631	282
Violations	112	104	55	101	43
Compliance Rate	72%	83%	83%	84%	85%
OTHER ENFORCEMENT ACTIVITY*					
Liquor Investigations Performed	909	1,132	1,204	1,535	488
Violations	84	86	86	155	59
Compliance Rate	91%	92%	92%	90%	88%

***Examples of Other Enforcement Activities:**

- Bar checks
- Furnishing checks
- Joint enforcement operations with local law enforcement
- Joint enforcement operations for special events only, i.e. Fake St. Patrick's Day
- Process Service
- Retail Liquor Store checks
- Surveillance
- Undercover membership operations

The Licensee Administrative Action Unit (LAA) is staffed by the Assistant Attorney General (AAG) assigned to the ABC, a legal assistant and one support staff. The AAG reviews the cases presented by the enforcement section and local law enforcement agencies to determine the appropriateness of the charges and administratively prosecutes violations of the liquor laws before the Director. Following are the number of liquor citations issued for FY2007 through FY2011 and the total fines collected for those years:

Activity	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 (6 months)
CITATIONS					
Liquor	572	470	645	547	266
Tax Orders	264	144	229	215	94
Total Liquor Citations Issued	836	614	874	762	360
FINES					
Liquor	\$273,614	\$105,275	\$243,380	\$367,836	\$173,749
Tax Orders	\$181,451	\$132,820	\$153,603	\$162,907	\$94,300
Total Liquor Fines Collected	\$455,065	\$238,095	\$396,983	\$530,743	\$268,049

Cigarette and Tobacco Enforcement

Over the years the ABC has been assigned other duties, including conducting the compliance checks required under the federal Synar amendment. Under Synar, the state must maintain a minimum compliance rate of 80% for sales of cigarettes to minors or risk losing a portion of the block grant monies allocated to SRS for substance abuse programs. During FY2010 ABC agents and Underage Cooperating Individuals (UCI's) performed 313 random buy attempts to measure compliance under the Synar Amendment resulting in 24 sales for a 92% compliance rate. This compares to FY 2006, FY 2007, FY 2008 and FY2009 results as follows:

Activity	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Attempted buys	447	580	413	425	313
Sales made	88	70	66	33	24
Compliance Rate	80.31%	88.10%	84%	92%	92%

In 2005, the compliance rate for tobacco sales to minors dropped to 62% and the state had to decide between taking a \$5.4M reduction in IRS block grant funds or pay a \$2.2M penalty to be used to raise the compliance rate. SRS entered into an Interagency Agreement with ABC to create a Cigarette and Tobacco Enforcement Team (CATE). The CATE team began in July 2007 and is funded annually through funds received from SRS. The objective of the CATE team is to strengthen the enforcement of cigarette and tobacco laws, ensure compliance with the Synar Amendment and protect federal block grant funds received by SRS.

The CATE inspectors perform statewide cigarette and tobacco enforcement activities aimed at reducing sales of cigarette and tobacco products to minors. CATE conducts controlled buy visits at all youth accessible retail licensee locations. Targeted enforcement revisits are made at locations that have failed prior enforcement visits.

The CATE team currently consists of eight (8) statewide inspectors conducting enforcement activities; along with a staff attorney and one administrative assistant.

CATE enforcement activities for FY2008 – FY2011. The increase of inspection violations for FY2011 is due to non fire safe compliant violations.

Activity	FY 2008	FY 2009	FY 2010	FY 2011 (6 months)
INSPECTIONS				
Number Performed	1,660	2,847	3,624	1,530
Violations	22	47	81	380
Compliance Rate	99%	98%	98%	75%
SALES TO MINORS				
Chosen Controlled Buys Performed	1,893	3,967	5,185	2,238
Violations	218	440	370	130
Compliance Rate	88%	89%	93%	94%

On September 9, 2010, ABC was awarded a contract with the Federal Food and Drug Administration (FDA) for the enforcement of certain federal laws pertaining to the sale and advertising of cigarettes and smokeless tobacco particularly to youth. This is an annual contract subject to renewal on a yearly basis.

The FDA contract will expand the CATE team to perform the obligations listed in the executed contract. The duties of this contract are currently being reviewed and implemented, including the hiring of a statewide program coordinator, four additional inspectors and one admin support staff.

KDOR/ABC recently entered into a Memorandum of Understanding with the State Fire Marshall to inspect tobacco retailers and seize cigarettes that are not fire safe compliant. The agreement imposes specific duties on the Team to seize and pursue administrative cases for certain violations of the Kansas Fire Safety Standard and Firefighter Protection Act. The duration of this contract is one year, and it is anticipated once all retailers have been inspected there will be a reduction of such

violations by the end of the contract term and this agreement will be reviewed for the need to renew at that time.

Drug Tax Enforcement

In addition, ABC agents are responsible for levying drug tax assessments across the state. Kansas has instituted a tax on illegal drugs. Anytime illegal drugs are found without drug tax stamps affixed, ABC agents are called out to assess the appropriate tax and penalty. Of the drug tax collected, 75% goes to the local law enforcement agency and 25% goes into the State General Fund. During FY 2011, agents made 541 drug tax assessments totaling \$18,103,419 resulting in collections of \$1,351,868.

Activity	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 (6 months)
Assessments	433	555	549	541	347
Amount	\$4,621,953	\$7,972,261	\$8,461,529	\$18,103,419	\$4,192,462
Collected	\$1,051,508	\$1,180,969	\$1,053,011	\$1,351,868	\$269,533

Attachments:

2010 Amendments to Kansas Liquor Laws
History of Kansas Liquor Tax Rates

ABC Liquor Density Maps:

Liquor-by-the-Drink (Wet/Dry Counties)
Dry Cities
Total Active Off-Premise Retailers
Total Active On-Premise Retailers
Total Active Distributors
Total Active Farm Wineries and Outlets
Total Active Microbreweries
Total Active Manufacturers

ABC NOTICE

2010 AMENDMENTS TO KANSAS LIQUOR LAWS
Effective July 1, 2010

The 2010 legislature passed SB 452 which amends statutes in both the liquor control act and the club and drinking establishment act. The bill was signed by the governor and becomes effective July 1, 2010.

In brief, all licenses will become two-year licenses effective July 1, 2010, **except** drinking establishment licenses, which will become two-year licenses on July 1, 2011. The license fees have been adjusted accordingly. Most of the changes are related to this major amendment. Some other amendments were unrelated or minor, technical amendments.

The full text of the bill may be viewed in pdf format at the Kansas legislature's website:
<http://www.kslegislature.org/>

Following are the changes made by SB 452:

K.S.A. 41-102 was amended to change the definition of "domestic fortified wine" to remove "without rectification". Domestic fortified wine may now be manufactured by adding spirits or liquid to adjust the alcohol content.

K.S.A. 41-308a was amended to reflect the special order shipping license rather than the winery shipping permit which was revoked in 2009.

K.S.A. 41-308b was amended to allow a microbrewery to serve, on the licensed premises, free samples of domestic beer manufactured by the licensee

K.S.A. 41-310 was amended to change the term of a license issued under the liquor control act from one year to two years. The license fees were adjusted to reflect the two-year license term. Also, any city or county occupation or license tax will now be a biennial tax. Any extension of the license term by the Director will automatically extend the due date for the local occupation or license tax for the same amount of time.

K.S.A. 41-311 was amended as follows:

- The requirement that the applicant have a valid lease for at least $\frac{3}{4}$ of the license term was removed. An applicant who leases its premises may qualify for licensure with a valid lease at the time of application.
- The residency requirement for an applicant for a farm winery or microbrewery license was reduced from four years to one year.
- The spouse of an applicant for a retailer's license may hold a license as a farm winery, microbrewery, or both.
- The spouse of an applicant for a farm winery license or microbrewery license may hold a retailer's license.

K.S.A. 41-317 and K.S.A. 41-2606 were amended to allow an applicant the option of paying the two-year license fee in two installments. If the applicant elects to pay the fee in installments, half is due at the time of application, and the second half, plus a fee of 10% of the remaining balance, is due one year from the date the license was issued. The license may be canceled immediately if the second installment is not timely paid. An applicant may avoid the additional 10% fee by paying the entire license fee at the time of application.

K.S.A. 41-326, K.S.A. 41-2607 and K.S.A. 41-2629 were amended to allow refunds for ½ of the license fee if the licensee pays the full amount of the fee at the time of application and subsequently fails to use any of the second year of the license term. Refunds are limited to ½ of the total license fee. The ABC will be implementing regulations to establish requirements for requesting a refund.

K.S.A. 41-2607 was also amended to change the term of a class A club license from one year to two years. Any extension of the license term by the Director will automatically extend the due date for any local occupation or license tax for the same amount of time.

K.S.A. 41-350 was amended to change the license term for a special order shipping license from one year to two years. The fee for a special order shipping license was adjusted to reflect the longer license term.

K.S.A. 41-2601 was amended to define "municipal corporation" as the governing body of any city or county.

K.S.A. 41-2605 was amended to include a municipal corporation as an entity who may hold a license.

K.S.A. 41-2622 was amended to adjust the license fee for a class A club, class B club and caterer license to reflect the two-year license term. Effective July 1, 2011, the fee for drinking establishment licenses will be adjusted to reflect the two-year term as well. Also, any city or county occupation or license tax will now be a biennial tax.

K.S.A. 41-2623 was amended to change the lease requirement from at least ¾ of the license term to being a valid lease at the time of application. Also, if the premises is owned by a city or county, or is a stadium, arena, convention center, theater, museum, amphitheater or other similar premises, an applicant for a drinking establishment license may submit an executed agreement to provide alcoholic beverage service in lieu of a deed or lease.

K.S.A. 41-2629 was amended to change the license term for a class B club license or caterer's license from one year to two years effective July 1, 2010. Effective July 1, 2011, drinking establishment licenses will become two-year licenses. Any extension of the license term by the Director will automatically extend the due date for any local occupation or license tax for the same amount of time.

It was also amended to allow refunds for ½ of the license fee if the licensee pays the full amount of the fee at the time of application and subsequently fails to use any of the second year of the license term. Refunds are limited to ½ of the total license fee. The ABC will be implementing regulations to establish requirements for requesting a refund.

Original Signature on file

Thomas W. Groneman
Director



History of Kansas Liquor Tax Rates

January 13, 2011

Enforcement Tax

Year	Tax Rate
1949	2%
1958	2.5%
1965	4%
1983	8%

Liquor Drink Tax

Year	Tax Rate
1979	10%

Gallonage Tax

Product	Tax Rate					
	1949	1961	1964	1971	1977	1983
Beer	\$0.10	\$0.12	No Change	\$0.15	\$0.18	No Change
Wine*	\$0.15	\$0.20	No Change	No Change	No Change	Discontinued
Wine (under 14%)						\$0.30
Wine (over 14%)						\$0.75
Alcohol & Spirits (< 100%)**	\$1.00	\$1.20	Discontinued			
Alcohol & Spirits (= and > 100%)**	\$2.00	\$2.40	Discontinued			
Alcohol & Spirits**			\$1.50	No Change	\$2.50	No Change

Product	1937	1947	1970	1977
Cereal Malt Beverage	\$0.05	\$0.10	\$0.15	\$0.18

*Prior to July 1983, all wine was taxed at the same rate. Wine under 14% was added as a separate tax rate effective July 1, 1983.

**Prior to 1964, alcohol and spirits were taxed based on the alcohol proof. Alcohol and spirits containing less than 100 proof were taxed at one rate and those greater than 100 proof were taxed at twice the tax rate. Alcohol and spirits were taxed at the same rate effective July 1, 1964.

All tax rate changes were effective July 1st of the year noted.

11-1



(62)

(62)

(24)

(19)



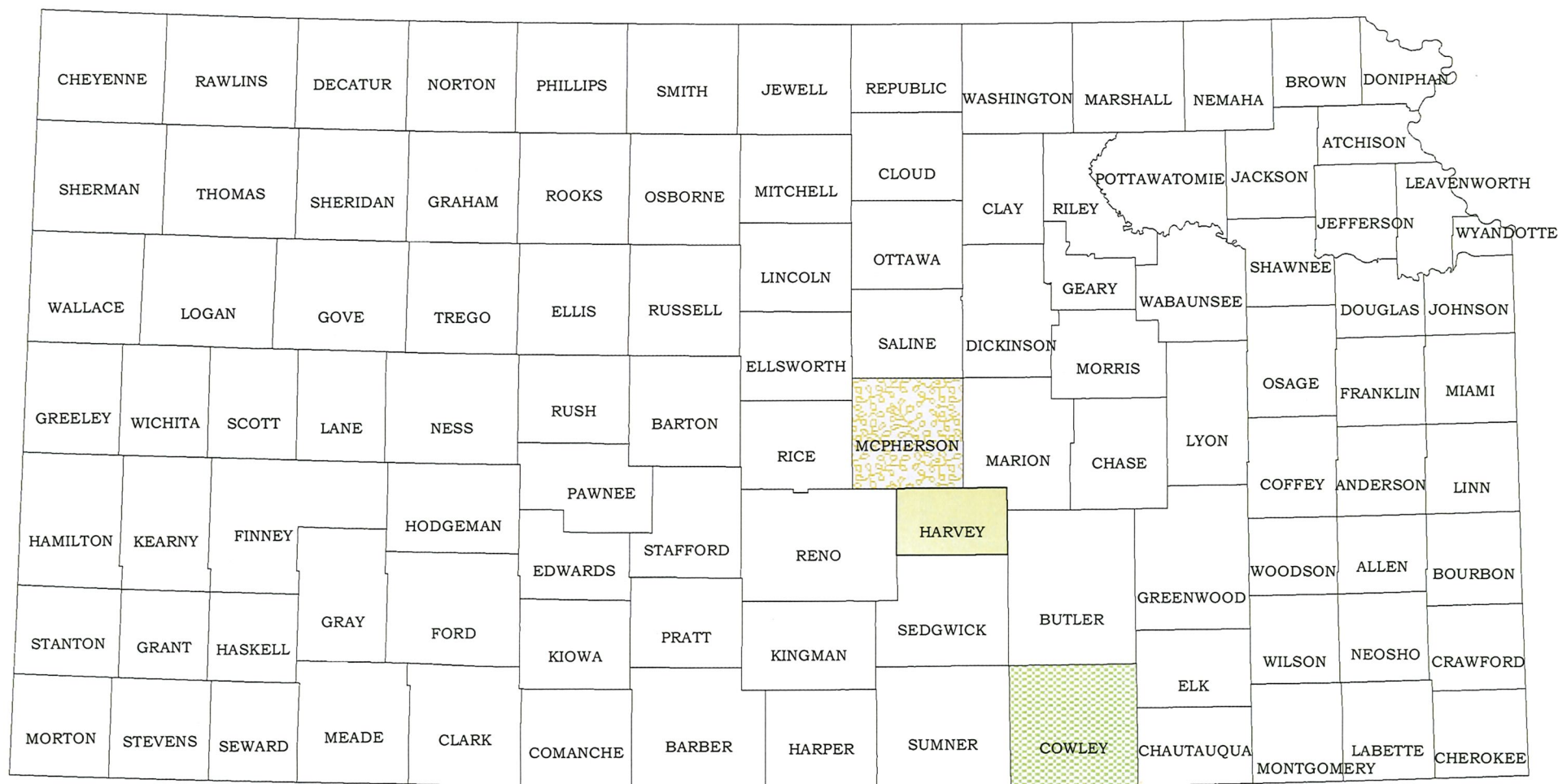
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Liquor-by-the-drink allowed without 30% food requirement

No liquor-by-the-drink

The data used for this map was
submitted by Kansas county clerks.
Revised December 9, 2010

2010 Kansas Map of Dry Cities



Name of the City, County



Moundridge, McPherson County



Parkerfield, Cowley County



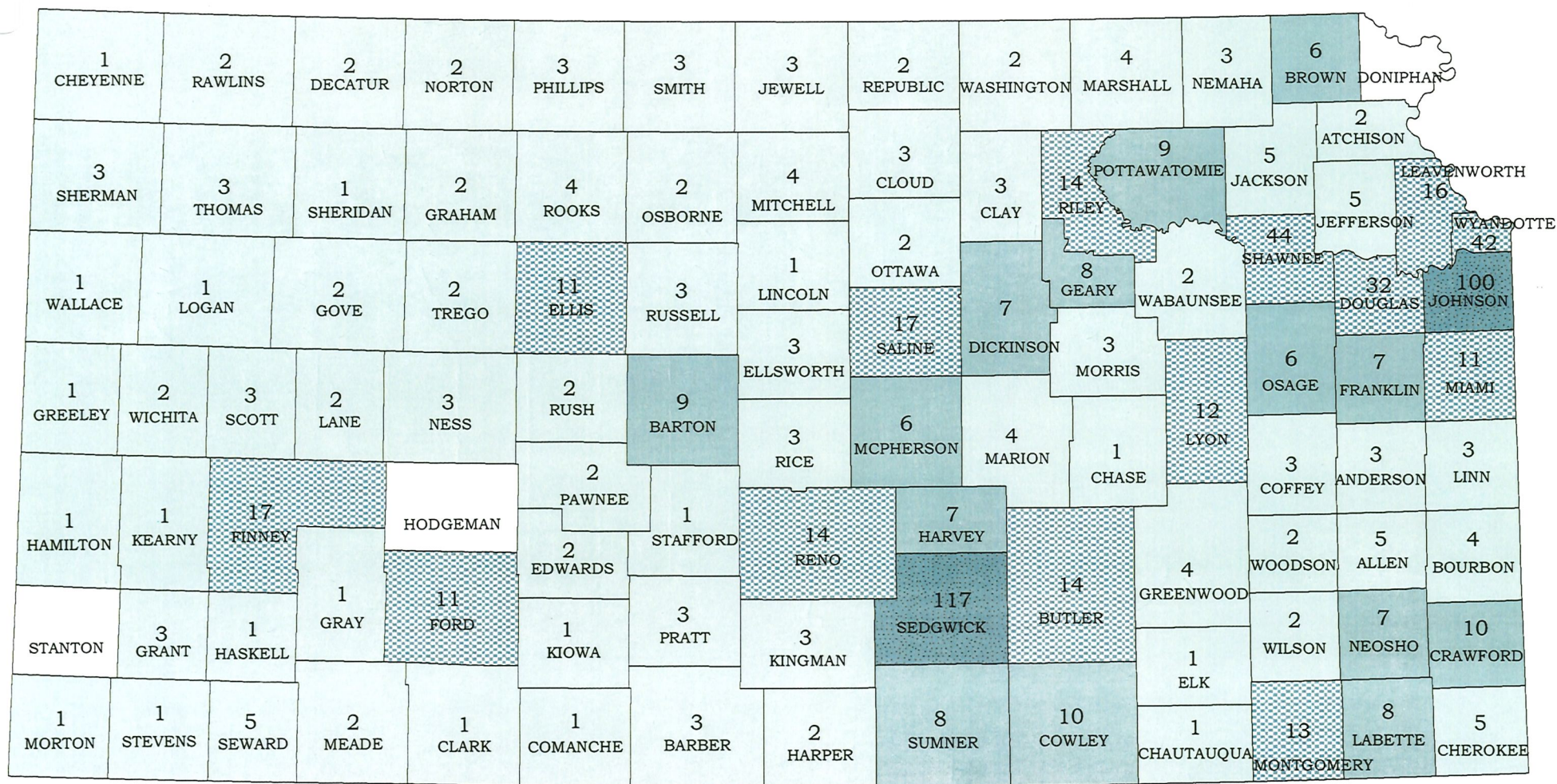
Hesston, North Newton, Harvey County

Total: 4 Cities voted to remain dry (no retail liquor stores)

November 15, 2010
Map #AC10-017

The data used for this map was
submitted by Kansas county clerks.
Revised November 17, 2010

Active Kansas Off-Premise Licenses



of Counties

of Licenses Per County

(3)

(72)

(14)

(14)

(2)

0

1 - 5

6 - 10

11 - 50

51 - 117

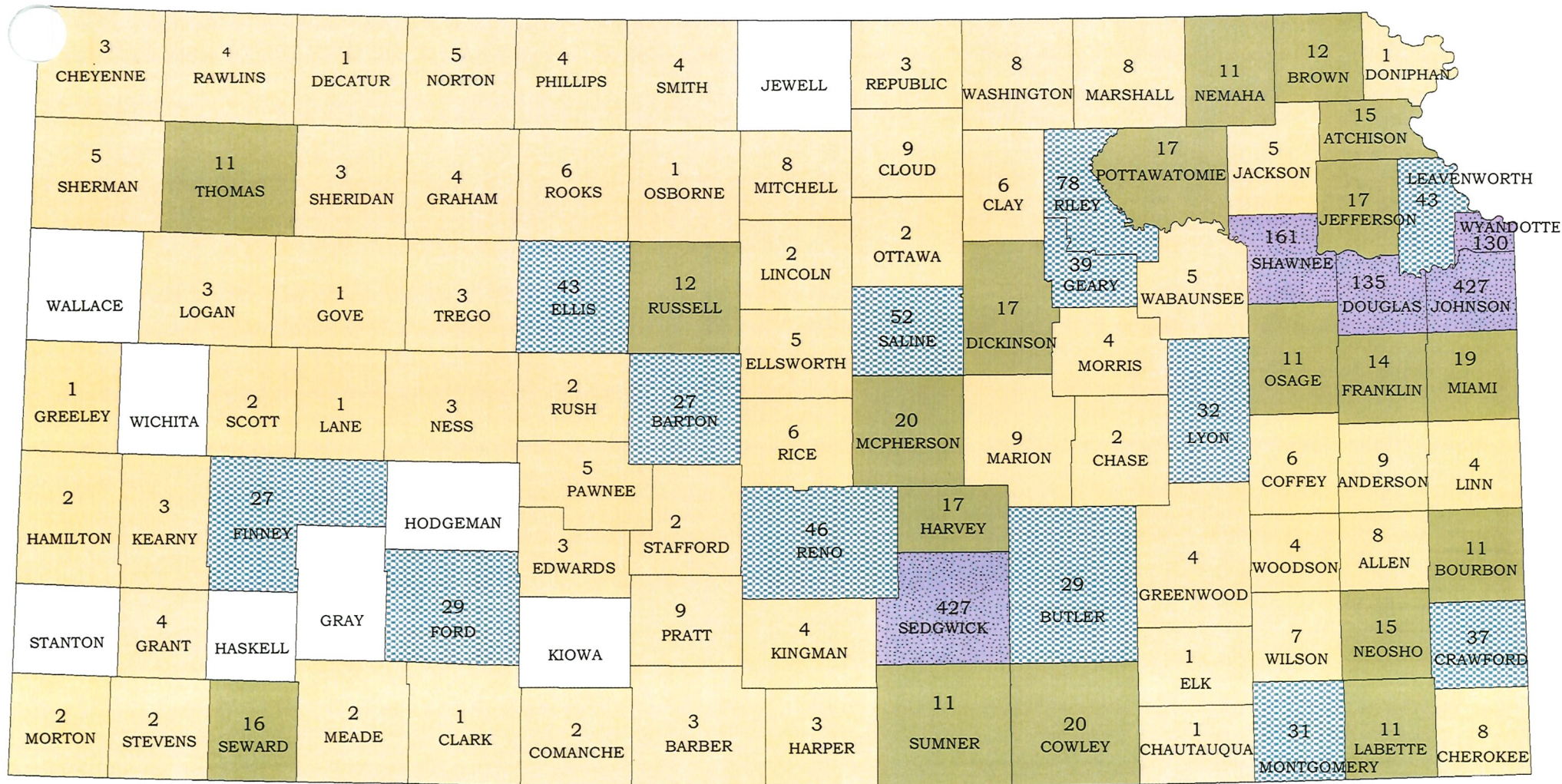
November 15, 2010

Map #AC10-012

The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database for November 2010

Total: 766 Active Off-Premise Licenses

Active Kansas On-Premise Licenses

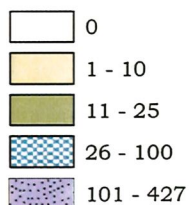


November 15, 2010
Map #AC10-011

of Counties

(8)
(60)
(19)
(13)
(5)

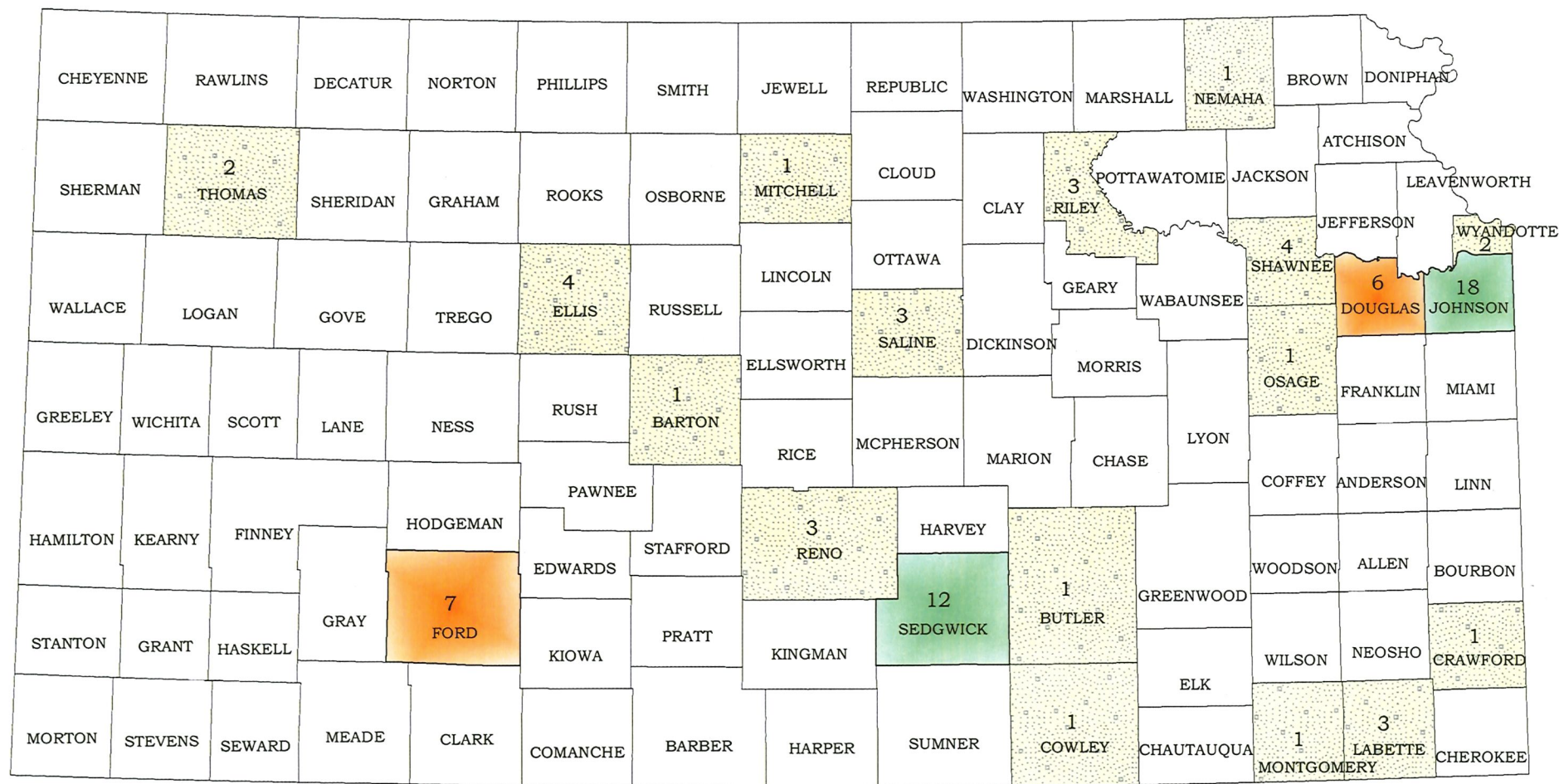
of Licenses Per County



Total: 2,308 Active On-Premise Licenses

The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database for November 2010

Active Kansas Distributor Licenses



November 15, 2010
Map #AC10-015

of Counties

(16)



County has From One-to-Five Distributor Licenses

(2)



County has From Six-to-Ten Distributor Licenses

(2)



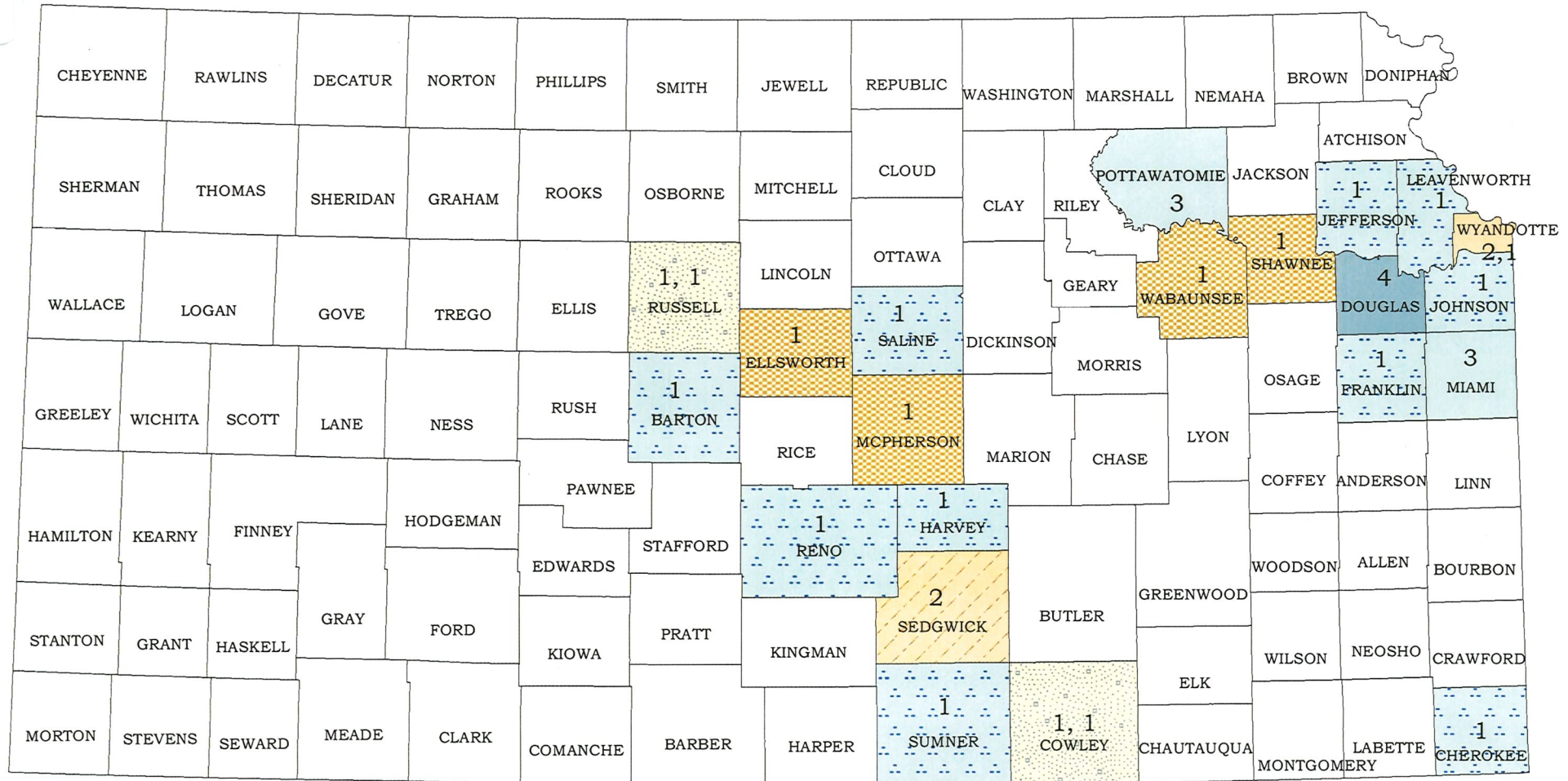
County has more than 11 Distributor Licenses

Total: 75 Active Distributor Licenses

The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database for November 2010

Active Kansas Farm Winery and Outlet Licenses

9-1-1



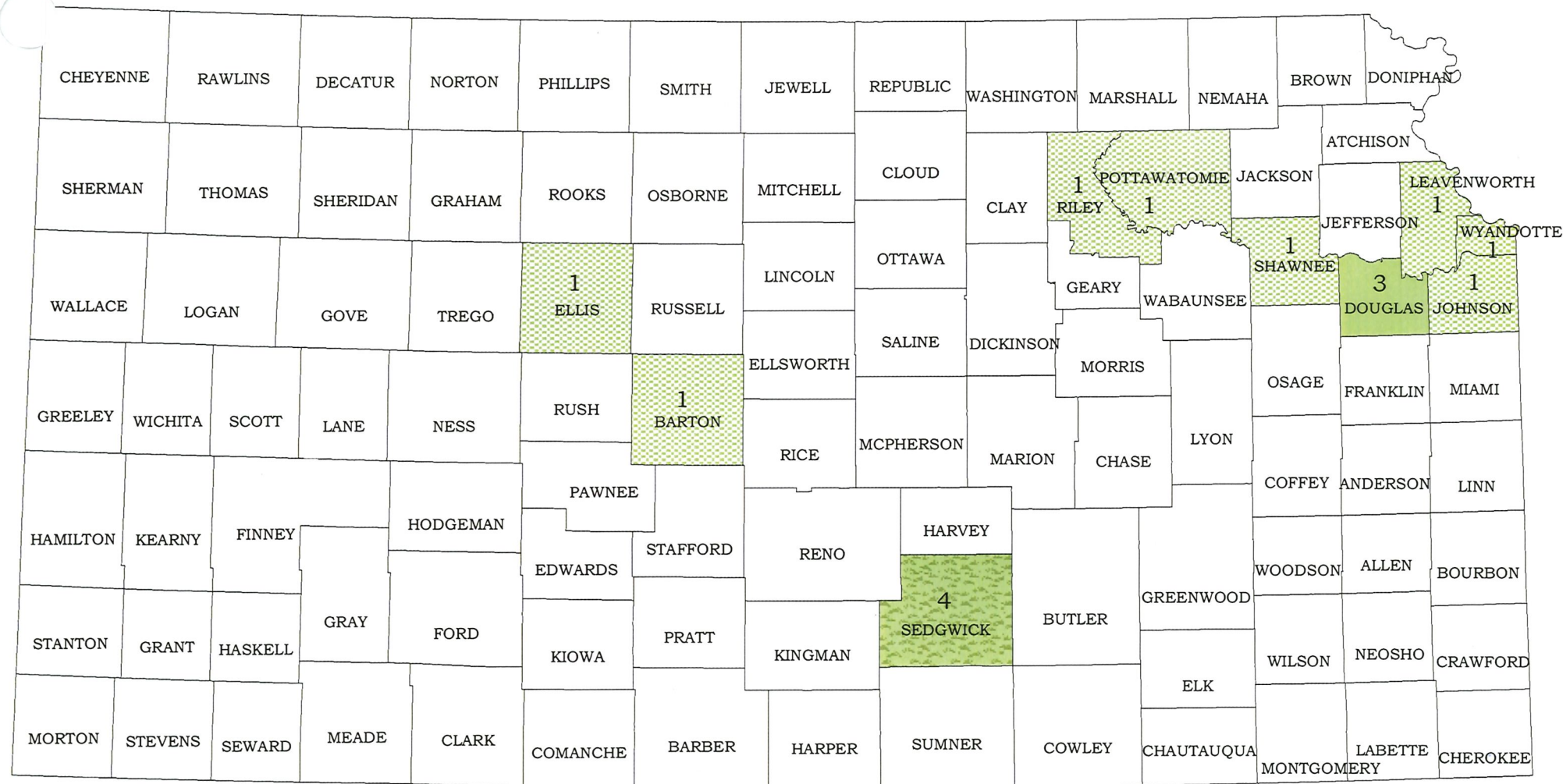
# of Counties	# of Licenses Per County
(10)	One Farm Winery
(2)	Three Farm Wineries
(1)	Four Farm Wineries
(2)	One Farm Winery and One Farm Winery Outlet
(1)	Two Farm Wineries and One Farm Winery Outlet
(4)	One Farm Winery Outlet
(1)	Two Farm Winery Outlet

November 15, 2010
Map #AC10-013

The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database for November 2010

Total: 24 Active Farm Winery Licenses,
9 Active Farm Winery Outlet Licenses.

Active Kansas Microbrewery Licenses



November 15, 2010
Map #AC10-014

of Counties

(8)

(1)

(1)



of Licenses Per County

County has One Microbrewery License

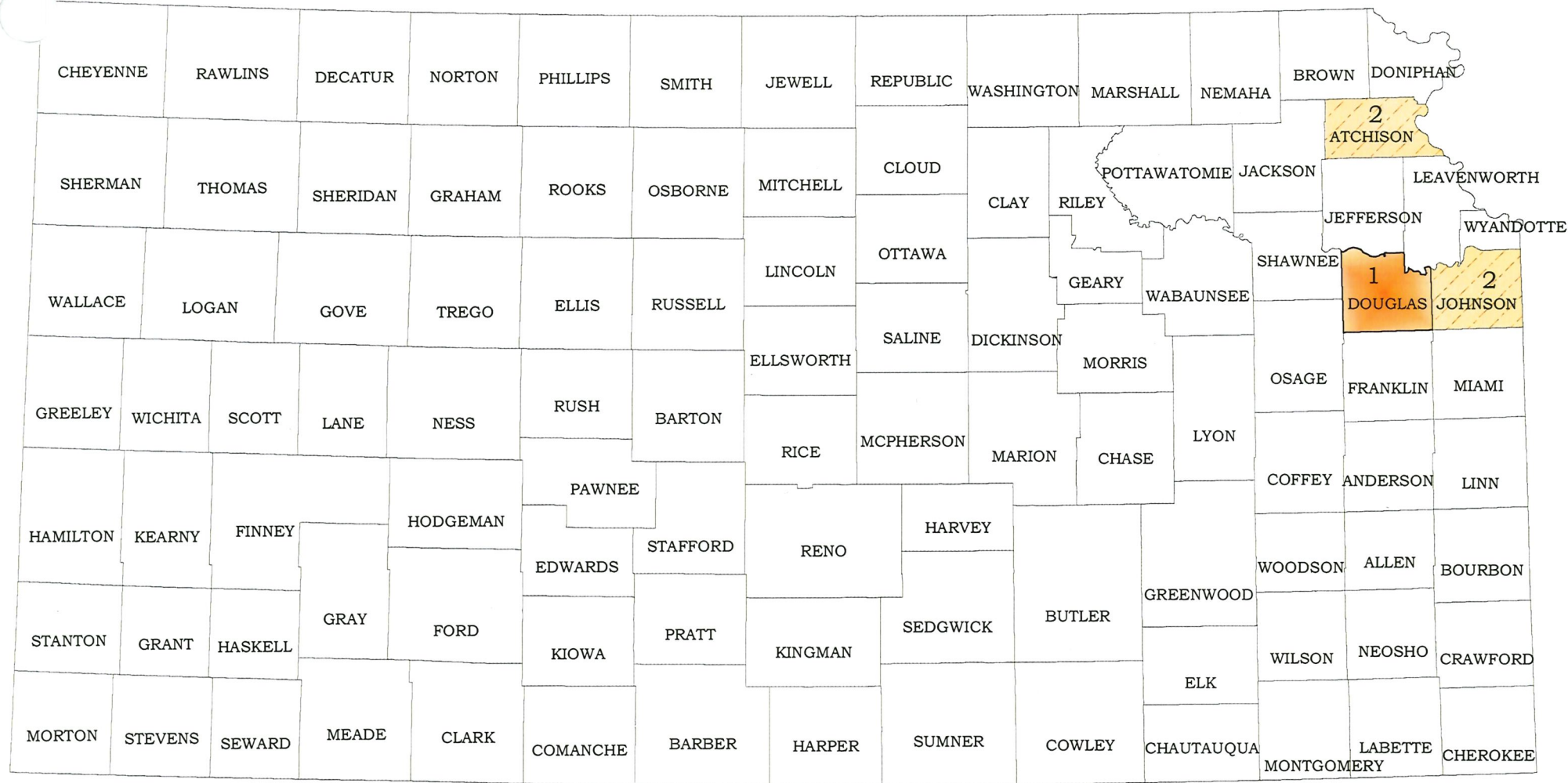
County has Three Microbrewery Licenses

County has Four Microbrewery Licenses

Total: 15 Active Microbrewery Licenses

The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database for November 2010

Active Kansas Manufacturer Licenses



of Counties

of Licenses Per County

November 15, 2010
Map #AC10-016

(1)
(2)



County has One Manufacturer License
County has Two Manufacturer Licenses

The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database for November 2010

Total: 5 Active Manufacturer Licenses

July 12, 2010

POLICY MEMORANDUM 2011-2

Subject: Drink Pricing

1. **Purpose:** The purpose of this memorandum is to provide clarification of the statutes and regulations as they pertain to the pricing of various types of drinks containing alcoholic liquor.
2. **Applicability:** All licensees and permit holders under the Club and Drinking Establishment Act and on-premise retailers licensed under the Cereal Malt Beverage Act.
3. **Discussion:** K.S.A. 41-2640(a) provides that a licensee or permit holder shall not "increase the volume of alcoholic liquor contained in a drink or the size of a drink of cereal malt beverage without increasing proportionately the price regularly charged for the drink on that day". This policy creates clear, simple guidelines for both ABC associates and industry members to follow in determining the appropriate price for different categories of drinks.
 - a. **Well Drinks and Calls:**
 - Drink price is based upon the price of a single shot of the associated alcoholic liquor on that day;
 - Example: If the price of a shot is \$2.00 then the price of the well drink or call must be *at least* \$2.00 plus the cost of any non-alcoholic liquid mixed with the liquor. The price of a double shot must be *at least* \$4.00 (the price of the original shot plus the price of the additional shot of alcohol). The price of a double well drink or call must be *at least* \$4.00 plus the cost of any non-alcoholic liquid mixed with the liquor (the price of the "single" well drink or call plus the price of the additional shot of alcohol).
 - For the purpose of regulating pricing, it is deemed that the shot included in the well or call drink is the same size as the single shot, and that a "double" contains two shots of a size equal to a single shot.
 - For a double, the licensee or permit holder *may* charge more than double the price of a single drink.
 - b. **Beer and Cereal Malt Beverage**
 - Bottled/canned beer
 - The licensee or permit holder may charge non-proportionate prices for various sizes of canned/bottled beer, according to brand name.
 - Draft beer
 - The price of draft beer must be proportional by the ounce, according to brand.
 - Proportionate pricing applies to drink specials on draft beer.
 - The licensee's drink price list shall include the size of each draft served, in ounces.
 - For ease in pricing, the licensee may round the price of a draft beer up to the nearest quarter dollar.
 - c. **Wine**
 - The minimum price for a glass of wine can not be less than the acquisition cost of the wine in the glass plus liquor drink tax.
 - Carafes and bottles of wine are exempt from the proportionate pricing requirement.

POLICY MEMORANDUM 2011-2

Subject: Drink Pricing

4. **Additional information:** It is the policy of the state of Kansas to promote temperance and moderation by prohibiting drink pricing policies that encourage excess consumption. Policy Memorandum 2011-2 complies with that prohibition, while allowing for current business practices and consumer expectations.

ABC Enforcement Agents and local law enforcement officers will verify compliance with the provisions of the applicable statutes, regulations and this policy memorandum.

5. **Clarification of Policy:** All clarification requests to this policy should be directed in writing to this office via mail, fax, or submitted to the agency's email at abc_mail@kdor.state.ks.us.
6. **Effective Date of this policy:** This policy is effective from August 1, 2010 until further notice.

Original Signed and On File

Thomas W. Groneman

cc: Assistant Attorney General
Chief of Enforcement
Licensing Supervisor
Compliance Supervisor
Administration Supervisor
Enforcement Agents

Kansas Statutes Annotated

Updated Through the 2009 Legislative Session

Statute Number: 41-2640

Chapter Title: INTOXICATING LIQUORS AND BEVERAGES

Article Title: LICENSURE AND REGULATION OF SALE OF LIQUOR BY THE DRINK

Tax Type: Alcoholic Beverage Control

Brief Description: Certain sales practices prohibited; penalties; "drink" defined.

Keywords:

Body:

41-2640

Chapter 41.--INTOXICATING LIQUORS AND BEVERAGES

Article 26.--LICENSURE AND REGULATION OF SALE OF LIQUOR BY THE DRINK

41-2640. Certain sales practices prohibited; penalties; "drink" defined. (a) No club, drinking establishment, caterer or holder of a temporary permit, nor any person acting as an employee or agent thereof, shall:

- (1) Offer or serve any free cereal malt beverage or alcoholic liquor in any form to any person;
 - (2) offer or serve to any person a drink at a price that is less than the acquisition cost of the drink to the licensee or permit holder;
 - (3) sell, offer to sell or serve to any person an unlimited number of drinks during any set period of time for a fixed price, except at private functions not open to the general public or to the general membership of a club;
 - (4) sell, offer to sell or serve any drink to any person at any time at a price less than that charged all other purchasers of drinks on that day;
 - (5) increase the volume of alcoholic liquor contained in a drink or the size of a drink of cereal malt beverage without increasing proportionately the price regularly charged for the drink on that day;
 - (6) encourage or permit, on the licensed premises, any game or contest which involves drinking alcoholic liquor or cereal malt beverage or the awarding of drinks as prizes; or
 - (7) advertise or promote in any way, whether on or off the licensed premises, any of the practices prohibited under subsections (a)(1) through (6).
- (b) Nothing in subsection (a) shall be construed to prohibit a club, drinking establishment, caterer or holder of a temporary permit from:
- (1) Offering free food or entertainment at any time; or
 - (2) selling or delivering wine by the bottle or carafe.
- (c) Violation of any provision of this section is a misdemeanor punishable as provided by K.S.A. 41-2633 and amendments thereto.
- (d) Violation of any provision of this section shall be grounds for suspension or revocation of the licensee's license as provided by K.S.A. 41-2609 and amendments thereto and for imposition of a civil fine on the licensee or temporary permit holder as provided by K.S.A. 41-2633a and amendments thereto.
- (e) Every licensed club and drinking establishment shall make available at any time upon request a price list showing the club's or drinking establishment's current prices per drink for all drinks.
- (f) As used in this section, "drink" means an individual serving of any beverage containing alcoholic liquor or an individual serving of cereal malt beverage.

History: L. 1985, ch. 173, § 4; L. 1986, ch. 185, § 7; L. 1987, ch. 182, § 94; April 30.

Kansas Administrative Regulations

Regulation Number: 14-21-15
Agency Title: KANSAS DEPARTMENT OF REVENUE -- DIVISION OF A.B.C.
Article Title: Drinking Establishments
Tax Type: Intoxicating Liquors and Beverages
Brief Description: Minimum prices for drinks; how determined.
Keywords:

Body:

14-21-15 Minimum prices for drinks; how determined. (a) A licensed drinking establishment shall not sell any drink to any person for less than the acquisition cost of that drink to the drinking establishment.
(b) The cost of each of the following items shall be included in the acquisition cost of a drink:
(1) All alcoholic liquor contained in the drink; and
(2) any liquid of a non-alcoholic nature contained in the drink.
(c) Any of the following items shall not be required to be included in the acquisition cost:
(1) City service or tap water;
(2) ice;
(3) employee salaries or other usual overhead; and
(4) any other items of clearly negligible value used in the drink.
(d) In determining the minimum price, a drinking establishment shall not include the drink tax as imposed by K.S.A. 79-41a02. This tax shall be collected in addition to the minimum price for the drink itself.
(Authorized by K.S.A. 41-2634 as amended by L. 1987, Ch. 182, Sec. 85; implementing K.S.A. 41-2640 as amended by L. 1987, Ch. 182, Sec. 94; effective, T-88-22, July 1, 1987; effective May 1, 1988.)

Kansas Administrative Regulations

Regulation Number: 14-21-16
Agency Title: KANSAS DEPARTMENT OF REVENUE -- DIVISION OF A.B.C.
Article Title: Drinking Establishments
Tax Type: Intoxicating Liquors and Beverages
Brief Description: Drinking establishments charge the same price for the same drink all day; day defined.
Keywords:

Body:

14-21-16 Drinking establishments charge the same price for the same drink all day; day defined. (a) A licensed drinking establishment shall not sell a drink to any person for less than the price charged for that same drink to all other drinking establishment patrons on that day. Any particular drink that is offered for sale at any time during the day shall be offered at the same price for the entire day. (b) The term "day" shall mean from 9:00 a.m. until 2:00 a.m. the following calendar day. (Authorized by K.S.A. 41-2634 as amended by L. 1987, Ch. 182, Sec. 85; implementing K.S.A. 41-2640 as amended by L. 1987, Ch. 182, Sec. 94; effective, T-88-22, July 1, 1987; effective May 1, 1988.)