Approved: <u>3-23-11</u>

Date

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 17, 2011, in Room 144-S of the Capitol.

All members were present except:

Senator Steve Morris - excused

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:

Dean Reynoldson, Alcoholic Beverage Control Division Philip Bradley, Kansas Licensed Beverage Association Melissa Wangemann, Kansas Association of Counties James Schmitz, Kansas Society of Land Surveyors Darryl Lutz, Kansas County Highway Association

Others attending:

See attached list.

SB 54 - Creating classes of license to sell alcoholic beverages at retail; fees, term and eligibility

Chairman Brungardt continued the hearings on SB 54

Dean Reynoldson, Acting Director, Alcoholic Beverage Control Division, (ABC) appeared neutral on the bill with amendments. (Attachment 1) ABC as stated in New Section 3 would allow a licensee holding a retailer class C license to transfer the license to a qualified person, with approval from the ABC Director. No license or application fee is required, except a \$25 transfer fee, and the license will be issued to the transferee only for the length of time remaining on the transferred license's license term. ABC recommends the application fee (\$50) also be applied because ABC will have to determine if the transferee is qualified for the license before approving the transfer, and the \$25 transfer fee will not cover the cost of doing so; also recommend that the transfer fee be specified as nonrefundable if ABC determines the transferee is not eligible for the license.

Section 13 removes currently existing qualifications for licensure for partnerships and trusts. This would effectively open up all off-premise licenses to convicted felons and others who would not otherwise qualify for such license. The investigations have demonstrated the importance of keeping the criminal element out of the liquor business, and has uncovered hidden ownerships wherein the real (unlicensed) owner uses a straw person to obtain the license because the real owner is a convicted felon. These types of establishments have historically shown a much higher propensity for liquor violations and crimes, including tax fraud and sales to minors. Cash businesses are easier for criminals to use to skim taxes as well as to launder proceeds from other illegal activities.

Section 17 allows a retailer to employ someone at least 18 years of age to sell beer and wine only; currently a person must be 21 years of age to sell wine. This provision has the potential to increase sales to underage persons.

Also provided, suggested language to deal with the concerns about partnerships and corporation licensees being exempt from the licensing requirements; a map showing the number of state-issued retail liquor stores by county; a map showing the number of estimated CMB off-premise outlets by county.

Philip Bradley, Kansas Licensed Beverage Association, (KLBA) appeared neutral with questions on the bill. (Attachment 2) Some of the questions:

- Will "Dry" counties continue and will CMB licenses continue to be available in those area?
- Will the redefined off premise retailer licensee be allowed to obtain a federal wholesaler license and then sell to an On-Premise establishment as Liquor stores now do?

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on February 17, 2011, in Room 144-S of the Capitol.

- Does a new redefined off premise retailer license be allowed to also hold a caterer's alcohol license?
- Why a delivery fee to On-premise licensees & Caterers? Will that be uniform and apply to all?
- Why are the licenses (A & B) so reduced to only 10/30% of a DE license? (\$100/300 vs. \$1000)
- Additionally ask that wherever domestic beer occurs be amended to "not more than 8% alcohol by weight" to "not more than 10% alcohol by weight"

Written testimony as neutral with concerns was provided by Sandy Jacquot, Director of Law/General Counsel, League of Kansas Municipalities. (Attachment 3)

Melissa Wangemann, General Counsel, Kansas Association of Counties, provided written testimony with concerns about the new funding mechanism. (Attachment 4)

Written testimony was provided by Ed Klumpp, Kansas Association of Chiefs of Police, and Kansas Peace Officers Association as neutral with concerns about law enforcement impacts. (Attachment 5)

Michelle Voth, Co Chairperson, Kansas Leadership to Keep Children Alcohol Free Statewide Committee, provided written testimony as neutral with a look at the other side of the story, not considered in the "economic impact" of increasing alcohol outlets in Kansas. This testimony is designed to reveal the social and fiscal costs to the state related to underage drinking. (Attachment 6)

Chairman Brungardt closed the hearing on **SB 54**.

SB 112 - Amendments to statutes pertaining to land surveyors

Chairman Brungardt opened the hearing on **SB 112**.

Staff provided an overview of the bill.

Melissa A. Wangemann, General Counsel and Director of Legislative Services, Kansas Association of Counties, appeared in support of the bill. (<u>Attachment 7</u>) The bill updates the county surveyor laws as well as addressing the issue of reviewing surveys.

Jim Schmitz, Kansas Society of Land Surveyors, spoke in favor of the bill. (<u>Attachment 8</u>) KSA 58-2005, the primary survey review statute, has been a major issue for several years; in its current form has no provision governing the time a County Surveyor or contracted County Surveyor may take to make his or her review. The proposal before the committee now addresses this issue among others, and is a viable compromise for Land surveyors, and continues to protect the health, safety and welfare of the public.

Darryl Lutz, Kansas County Highway Association, (KCHA) testified in support of the bill. (<u>Attachment 9</u>) The bill will encourage surveys to be recorded at the Register of Deeds where other land records are recorded, and will retain county surveyor review of those surveys that are more likely to have errors.

Written testimony was provided by Jim Yonally, Kansas Association of County Surveyors, in support of the current language as a compromise in an effort to move forward. (Attachment 10)

Written testimony in opposition of the bill was received from Randy Anderson, Central Kansas Surveying & Mapping, Inc. (Attachment 11) Mr. Anderson feels this will be a burden on very rural counties in Kansas.

William J. Haverkamp, Licensed Surveyor, Great Bend, Kansas, provided written testimony in opposition of the bill. (Attachment 12) Mr. Haverkamp stated that some of the proposed legislation would be better left under the auspices of the Kansas State Board of Technical Professions (KSBTP).

Written testimony in opposition of the bill was received from Michael Clifford, Licensed Surveyor, Topeka. (Attachment 13) Mr. Clifford stated that the plat reviews should be left to those in the profession who understand it, the Kansas State Board of Technical Professions.

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on February 17, 2011, in Room 144-S of the Capitol.

Chairman Brungardt closed the hearing on **SB 112**.

Final Action:

SB 80 - Alcoholic beverages; amendments relating to beer and microbreweries

Senator Owens moved to pass SB 80 out favorably and placed on the consent calendar. Senator Reitz seconded the motion. The motion carried.

SB 93 - Law enforcement; racial profiling and biased policing

Senator Faust-Goudeau made a motion to amend the language to insert racial "racial or other biased-based", page l, lines 23, and through out the bill. Senator Reitz seconded the motion. The motion carried.

Senator Longbine made a motion to amend the bill, on page 2, line 29, changing "shall" to "may". Senator Reitz seconded the motion. The motion carried.

Senator Longbine made a motion to amend the bill, on page 2, line 34 – 35 to read, "Community advisory boards established at the option of the city or county". Senator Reitz seconded the motion. The motion carried.

Senator Haley moved an amendment that complaints will be filed with the Attorney General's Office instead of the Kansas Human Right Commission. Senator Reitz seconded the motion. The motion carried.

Senator Abrams suggested language on data collection from <u>SB 82</u> be inserted in New Section 5 under the section on the comprehensive plan to include items 1 through 15 on data collection.

Senator Abrams moved an amendment with the suggested language on data collection from SB 82, and amend the language on page 5, line 20, New Section 5 (a) striking "Each law enforcement agency shall" and inserting "The governing body of city or county may", striking in line 23, "by January 1, 2012,", inserting new language on line 24 after or "may require the law enforcement agency of such city or county". Senator Longbine seconded the motion. The motion carried.

<u>Senator Abrams moved to repeal KSA 22-4604 and 22-4609. Senator Owens seconded the motion. The motion carried.</u>

Senator Haley moved to pass SB 93 out favorably as amended. Senator Reitz seconded the motion. The motion carried.

The next meeting is scheduled for February 22, 2011. The meeting was adjourned at 12:08 p.m.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE GUEST LIST

DATE 2-17-11

NAME	REPRESENTING
Tom Palace	PMCA OF KS
GRATE PETERS	PETE'S CORD PMCA
Kan Presty	Klamy & Assides
Duk Stoller	Hy-Vee Dry
Marilyn Millals	Ks. Reg. of Weeds assoc.
Lan Wellingfold	Kuller
Todd Wag letz	Ay-Vee
Rob Eslick	Hyllee
Marty Streit	Hy Vee
Consider Thornbrigh	Quit Trip
BOB ALTERSON	CASEYS GENERAL STORES
Mike Murray	Ks Food Dirs Assy
SHAM BROWN	HY-VEE
ANOREN YOCHUM	HY-Vae
BRAD WALLES	Hy-Vae
Keyin Green	Hy-Vee
Holam Green	Hy-Vee
Sam Pazar	Sandsky Group
Wave Holtwick	Holtwick Consulting
Grea Vowell	Quicker Liquor
Angeo Vaires	Quicker Lique Desc
John Hoyal	Kak Liquor
Tat Jhypan Devin	Dryin Liquer
Patricial Drake	Topeta Club Ligitor
Mel Minox	Oppital Advantage
Darryllate	KG. Commy Highway Assoc. SB11Z

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE GUEST LIST

DATE 2/17/11

NAME (REPRESENTING
Mander Mille	5020
RON BROWN	F.O.P.
Lydia Buster	Federico Consulting
Dean Bush	LE.
Lendas Lothman	LÉ
MIKE WATSON	GTFORP
Jim Schmitz	Houses Society Zland Surveyor's
Michael D. Kelly	Kansus Association of County Surveyors
TED HENRY	OS.
ED KLUNDP	KACP/KSA/KDDA
Bob Keller	JCSO
Kevin Osterhage	Hy-Vee
Randy Ohm	Ho-Vee
Russ Johnson	Hy-Vee
Thorse Gabin	Hy-lee
Scott Johnson	Hy-Vere
Jeff Nolle	Hy-Vee
John S.	L's Deu Wholesalers ASSA.
Sup ausbel	KABR
Spencer Duncan	Keep Fansans in Business
JULK DUNCAN KS	WINE of Spin to who leaders ASSE
This Grady	KUBA, KN FWA, KCBG
SARAH BYRUF	A&C
Michelle Blasdel	Advocate
Jean Dolin	KSBTP
Steve S. Brosemer	KSBTP

Alcoholic Beverage Control 915 SW Harrison St Topeka KS 66625-3512 Nick Jordan, Secretary



Phone: 785-296-7015 FAX: 785-296-7185 www.ksrevenue.org/abc.htm Sam Brownback, Governor

MEMORANDUM

To: Senator Pete Brungardt, Chairman, Committee on Senate Federal and State Affairs

From: Dean Reynoldson, Acting Director, Alcoholic Beverage Control Division

Date: 2 February 2011

Subject: Senate Bill 54

Mr. Chairman and distinguished members of the committee, thank you for the opportunity to speak with you about Senate Bill 54.

There are currently 764 state-licensed retail liquor stores and 2,321 locally-licensed cereal malt beverage (CMB) outlets for off-premise consumption. Presuming the vast majority of CMB outlets choose to apply for one of the new retailer licenses and roughly half of the current retail liquor stores depart from the industry, the number of ABC-regulated alcohol off-premise establishments is expected to increase to around 2,600.

New Section 3 would allow a licensee holding a retailer class C license to transfer the license to a qualified person, with approval from the ABC Director. No license or application fee is required, except a \$25 transfer fee, and the license will be issued to the transferee only for the length of time remaining on the transferred license's license term. We respectfully recommend the application fee (\$50) also be applied because ABC will have to determine if the transferee is qualified for the license before approving the transfer and \$25 transfer fee will not cover the cost of doing so. We also recommend that the transfer fee be specified as nonrefundable if ABC determines the transferee is not eligible for the license.

Section 13 of the bill would remove currently existing qualifications for licensure for partnerships and trusts. Corporations would not have to meet any qualifications for licensure, except a certification from the Secretary of State's Office and power of attorney. This would effectively open up all off-premise licenses to convicted felons and others who would not otherwise qualify for such license. Our investigations have demonstrated the importance of keeping the criminal element out of the liquor business. We uncover hidden ownerships wherein the real (unlicensed) owner uses a straw person to

obtain the license because the real owner is a convicted felon. These types of establishments have historically shown a much higher propensity for liquor violations and crimes including tax fraud and sales to minors. Cash businesses are easier for criminals to use to skim taxes as well as to launder proceeds from other illegal activities.

Section 17 amends K.S.A. 41-713 to allow a retailer to employ someone at least 18 years of age to sell beer and wine only. Currently, a person must be 21 years of age to sell wine. This provision has the potential to increase sales to underage persons.

Attached to this testimony, please find:

- 1. Suggested language to deal with our concerns about partnerships and corporation licensees being exempt from the licensing requirements as outlined in Section 13.
- 2. Map showing the number of state-issued retail liquor stores by county.
- 3. Map showing the number of estimated CMB off-premise outlets by county.

Alcoholic Beverage Control 915 SW Harrison St Topeka KS 66625-3512 Nick Jordan, Secretary



Phone: 785-296-7015 FAX: 785-296-7185 www.ksrevenue.org/abc.htm Sam Brownback, Governor

Senate Federal & State Affairs Committee Proposed amendment to SB 54

February 1, 2010

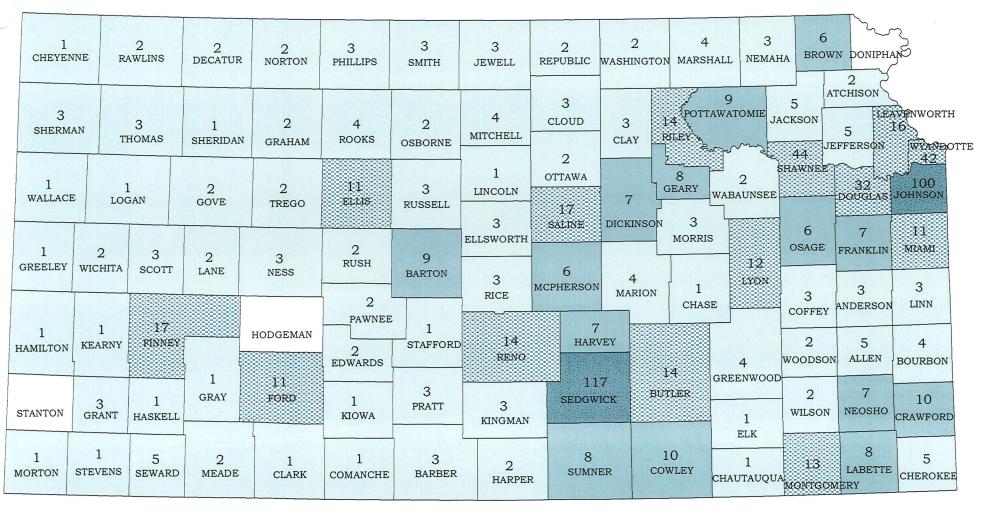
The KDOR proposes that section 13 of the bill be amended as follows:

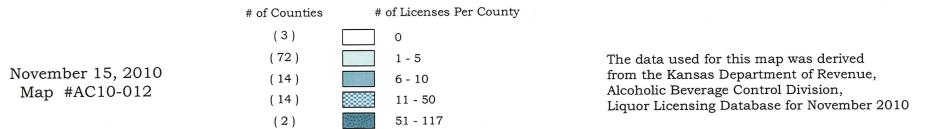
- Sec. 13. K.S.A. 2010 Supp. 41-311 is hereby amended to read as follows: 41-311. (a) No license of any kind shall be issued pursuant to the liquor control act to a person an individual:
- (1) Who has not been a citizen of the United States for at least 10 years, except that the spouse of a deceased retail licensee may receive and renew a retail license notwithstanding the provisions of this subsection (a)(1) if such spouse is otherwise qualified to hold a retail license and is a United States citizen or becomes a United States citizen within one year after the deceased licensee's death;
- (2) who has been convicted of a felony under the laws of this state, any other state or the United States;
- (3) who has had a license revoked for cause under the provisions of the liquor control act, the beer and cereal malt beverage keg registration act or who has had any license issued under the cereal malt beverage laws of any state revoked for cause except that a license may be issued to a person whose license was revoked for the conviction of a misdemeanor at any time after the lapse of 10 years following the date of the revocation;
- (4) who has been convicted of being the keeper or is keeping a house of prostitution or has forfeited bond to appear in court to answer charges of being a keeper of a house of prostitution;
- (5) who has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;
 - (6) who is not at least 21 years of age;
- (7) who, other than as a member of the governing body of a city or county, appoints or supervises any law enforcement officer, who is a law enforcement official or who is an employee of the director;
 - (8) who intends to carry on the business authorized by the license as agent of another;
- (9) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application, except as provided by subsection (a)(12);
- (10) who is the holder of a valid and existing license issued under article 27 of chapter 41 of the Kansas Statutes Annotated, and amendments thereto, unless the person agrees to and does surrender the license to the officer issuing the same upon the issuance to the person of a license under this act, except that a retailer licensed pursuant to K.S.A. 41-2702, and amendments thereto, shall be eligible to receive a retailer's license under the Kansas liquor control act;
- (11) who does not own the premises for which a license is sought, or does not, at the time of application, have a written lease thereon;

- whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age, except that this subsection (a)(12) shall not apply in determining eligibility for a renewal license;
- (13) whose spouse has been convicted of a felony or other crime which would disqualify a person from licensure under this section and such felony or other crime was committed during the time that the spouse held a license under this act; or
- (14) who does not provide any data or information required by K.S.A. 2003 Supp. 41-311b, and amendments thereto.
 - (b) (1) Except as provided in paragraph (2), no retailer's license shall be issued to:
 - (1) (A) A person who is not a resident of this state;
- (2) (B) a person who has not been a resident of this state for at least four years immediately preceding the date of application;
- (3) (C) a person who has beneficial interest in a manufacturer, distributor, farm winery or microbrewery licensed under this act, except that the spouse of an applicant for a retailer's license may own and hold a farm winery license, microbrewery license, or both, if the spouse does not hold a retailer's license issued under this act;
- (4) (D) a person who has beneficial interest in any other retail establishment licensed under this act, except that the spouse of a licensee may own and hold a retailer's license for another retail establishment;
 - (5) (E) a copartnership, unless all of the copartners are qualified to obtain a license;
 - (6) (F) a corporation; or
- (7) (G) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license.
- (2) On and after January 1, 2012, the provisions of paragraph (1) shall have no force and effect, and on and after such date, no retailer's license shall be issued to:
- (A) a person who has a beneficial interest in a manufacturer, distributor, farm winery or microbrewery licensed under this act, except that the spouse of an applicant for a retailer's license may own and hold a farm winery license, microbrewery license, or both, if the spouse does not hold a retailer's license under this act;
 - (B) a copartnership, unless all of the copartners are qualified to obtain a license;
- (C) a corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 5% of the common or preferred stock of such corporation would be ineligible to receive a license hereunder for any reason other than citizenship.
- (D) a corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 5% of the common or preferred stock of such corporation, has been an officer, manager or director, or a stockholder owning in the aggregate more than 5% of the common or preferred stock, of a corporation which has had a license revoked under the provisions of the liquor control act; or
- (E) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license.
 - (c) No manufacturer's license shall be issued to:
- (1) A corporation, if any officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a manufacturer's license for any reason other than citizenship and residence requirements; ...

NO FURTHER CHANGES

Active Kansas Off-Premise Licenses





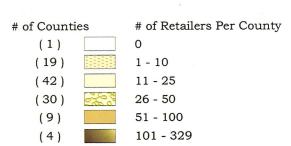
Total: 766 Active Off-Premise Licenses

Estimated Kansas CMB Off-Premise Retailers

CHE	9 YENNE		16 WLINS	10 DECATUR	25 NORTON	12 PHILLIPS	7 SMITH	18 JEWELL	22 REPUBLIC	37 Washingto	42 ON MARSH	000 92000		14 N DONIPHA 36	sar.
	13 RMAN		18 HOMAS	8 sheridan	13 GRAHAM	8 ROOKS	21 OSBORNE	24 MITCHELL	37 CLOUD 19		DI V	IWATOMIE 39	.ckson	tenson Lea 40 4. FFERSON	WYANDOTTE
4 WALL		16		2 GOVE	11 TREGO	52 ELLIS	27 RUSSELL	11 LINCOLN	OTTAWA 67 SALINE	41 DICKINSON]	18 WABAUNSEE			329 JOHNSON
6 GREEL	EY W	8 ИСНІТА	11 scott	9 LANE	24 NESS	19 RUSH	46 BARTON	ELLSWORTH 31 RICE	31 MCPHERSON	26	MORRIS 15	47 LYON	25 osage	41 FRANKLIN 12	41 MIAMI 18
O HAMILT	ON K	4 EARNY	59 FINNEY		10 HODGEMAN	PAWNEE 9 EDWARDS	17 STAFFORD	71	29 HAR) VEY	CHASE		COFFEY 17 WOODSON	anderson 32 ALLEN	LINN 26 BOURBON
5 STANTO	ON C	10 GRANT	16 HASKELL	16 GRAY	47 FORD	11 KIOWA	13 PRATT	19 KINGMAN	27 SEDGW	'6	83 JTLER	GREENWOOD 11 ELK	16 WILSON	37 NEOSHO	70 CRAWFORD
5 MORTO	1 ST	11 EVENS	33 SEWARD	8 meade	8 clark	4 COMANCHE	19 BARBER	21 HARPER	41 SUMN		28 DWLEY	14 CHAUTAUQUA	59 MONTGON	45 LABETTE IERY	43 CHEROKEE

The data used for this map was derived from the 2010 Cereal Malt Beverage applications received from the cities and counties by the Alcoholic Beverage Control through January 28, 2011.

Map #AC10-020



Total: 2,321 CMB Off-Premise Retailers



January 28, 2011



Kansas
Licensed
Beverage
Association

Philip Bradley CEO

1372 N 1000 Rd. Lawrence, KS 66046-9608

785.766-7492 www.klba.org phil@klba.org Testimony on SB 54 February 2, 2011

Senate Federal & State Affairs Committee

Chairman Brungardt, and Senators of the Committee,

I am Philip Bradley representing the Kansas Licensed Beverage Association. The KLBA represents the interests of the men and women in the hospitality industry, who own, manage and work in Kansas bars, breweries, clubs, caterers, hotels, and restaurants. These are the places you frequent and enjoy with the tens of thousands of employees that are glad to serve you. Thank you for the opportunity to speak today and I will be brief.

Although this bill addresses an issue that we take no position on, we have several vital questions/concerns we would ask to be resolved satisfactorily before this bill could advance.

In no particular order;

- 1- We now have "Dry" counties where no "alcohol" may be sold only CMB. Will that continue? Will CMB licenses continue to be available in those areas?
- 2- Will the redefined off premise retailer licensee be allowed to obtain a federal wholesaler license and then sell to an On-Premise establishment as Liquor stores now do? Do we have any assurance that they will? We are required to purchase through such a retailer and some areas of the state have a dwindling supply. With the acknowledged closing of existing stores we are very concerned that this will not only cause further scarcity but also reduce variety and supply.
- 3- Does a new redefined off premise retailer license be allowed to also hold a caterers alcohol license? (Pg 12 line 32) Will they then be allowed to sell to themselves from the off premise license to the on premise license changing a long held Kansas law that licenses for these two tiers cannot be held by one individual or group. If they now can will that lead to unfair competitive advantage on pricing, supply and/or preferential treatment to themselves? Where will they store opened unsold caterer alcohol inventory?
- 4- Why a delivery fee to On-premise licensees & Caterers? Will that be uniform and apply to all? Including if allowed to sell to themselves?
- 5- Why are the alcohol bonds lower than other licensees initially and in that they do not adjust as DE/Club's do now?
- 6- Why are the licenses (A & B) so reduced to only 10/30% of a DE license? (\$100/300 vs. \$1000)
- 7- Also would the CMB taverns pay the 8% enforcement tax on their purchases as do all other on-premise retailers? And if not why not? Will 3% be deducted for all off premise retailer's enforcement taxes?
- 8- We ask that in the definition of domestic beer (page five line 10) and wherever else it occurs be amended "not more than 8% alcohol by weight" to "not more than 10% alcohol by weight"

There are undoubtedly further issues that will arise as these are answered.

Again thank you for your attention and consideration. I am available for your questions.

Philip Bradley



300 SW 8TH A UE, STE. 100 TOPEKA, 6603-3951 P: (705) 354-9565 F: (785) 354-4186

WWW.LKM.ORG

_1910 • A CENTURY OF SERVICE • 2010

TO:

Senate Federal and State Affairs Committee

FROM:

Sandy Jacquot, Director of Law/General Counsel

DATE:

February 1, 2011

RE:

Written Testimony only on SB 54

Thank you for allowing the League of Kansas Municipalities to provide the committee some comments on SB 54. LKM does not have a specific position on the underlying policy of where alcohol is sold, but is concerned about two aspects of SB 54. This bill would create three additional licenses for the sale of alcoholic liquor, which could be sold virtually anywhere, the targeted market being grocery stores and convenience stores. A Class C license would allow the sale of any type of alcoholic liquor, Class B the sale of wine and strong beer, and Class A the sale of strong beer. The number of Class C licenses will be limited for three years to the number in existence on January 1, 2012. In the interim, however, a vendor will be able to obtain a Class A or B license.

LKM believes this would cause the market for CMB in Kansas to dry up. Local governments regulate CMB, but the State of Kansas regulates alcoholic liquor. When CMB violations occur, cities are able to address the violation without depending on the State to take action. Thus, with a movement away from having CMB in convenience stores and grocery stores, local governments lose control of the licensing of those vendors. Cities have concerns about the loss of local control, because they will still have the duty of detecting violations of the liquor laws, but will not be able to respond and deal with the violations through the licensing process over vendors which they previously had control. Thus, this loss of local control is one concern LKM has with SB 54.

Second, it is difficult to ascertain whether, as contended by the proponents, this bill will have a positive or negative fiscal effect. CMB is currently subject to sales tax, which would be reduced, and we suspect eventually eliminated, with the introduction of alcoholic liquor in grocery stores and convenience stores, alcoholic liquor being subject to the liquor tax. The proponents have created a local CMB sales tax fund to be distributed to local government at the same time the local sales tax is distributed. The amount distributed to each local government would be based upon population, as opposed to actual sales. While LKM appreciates the creation of this fund, if subject to appropriation, it could result in that fund being swept in the future. Thank you again for allowing the League to express its concerns about SB 54.



TESTIMONY OF THE KANSAS ASSOCIATION OF COUNTIES TO THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE ON SB 54

FEBRUARY 17, 2011

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to submit neutral testimony on SB 54.

Kansas counties are concerned about the loss of revenues from cereal malt beverage, which is currently licensed and regulated by local government. The bill creates a local CMB sales tax fund, which distributes monies back to cities and counties.

We have two concerns about the new funding mechanism:

- 1. We cannot estimate the fiscal impact of the new fund. We do not know if this legislation will increase or decrease revenues for locals. We do anticipate that amounts distributed to counties under the proposal will be different from current law, as the bill creates a distribution formula based on a weighted population average, whereas under current law the counties selling CMB are the ones who earn the sales tax.
- 2. The new fund sits with the State Treasurer, and therefore is subject to appropriation by the Kansas legislature. As you know, other revenue streams intended for local government, i.e., demand transfers, have been eliminated and the monies captured by the State instead. Therefore, we fear that this local funding stream will eventually be taken over by the State.

We ask that the committee take into consideration the effects of SB 54 on local revenues as it works the bill. We appreciate your careful analysis of the bill.

Respectfully Submitted,

Melissa A. Wangemahn

General Counsel and Director of Legislative Services

300 SW 8th Avenue 3rd Floor Topeka, KS 66603-3912 785•272•2585 Fax 785•272•3585





Kansas Association of Chiefs of Police PO Box 780603, Wichita, KS 67278 (316)733-7301

Kansas Peace Officers Association PO Box 2592, Wichita, KS 67201 (316)722-8433



February 15, 2011

Testimony to the Senate Federal and State Affairs Committee In a Neutral Position on SB54

The Kansas Association of Chiefs of Police and the Kansas Peace Officers Association offer this neutral testimony on SB54. We are not advocating for or against the policy decision of this bill. There are many people with more expertise on the issues surrounding expanding alcohol sales to additional retail outlets and any expected consequences or advantages. However, there are some law enforcement impacts we want to point out.

First and foremost is the most obvious impact—the enforcement of the liquor laws with expanded points of sale. It is not real clear how many additional outlets the proposed expansion would create. Over the past several years, Kansas law enforcement has increased its monitoring and enforcement of the liquor laws. Of particularly concentration has been the sale of liquor and CMB to underage persons. It is obvious if the number of outlets expand, there will need to be additional resources to maintain the same level of enforcement. This will add to the workload of both local law enforcement and the ABC enforcement section. Local law enforcement must rely heavily on the ABC for support of liquor law enforcement. We request legislative consideration to provide adequate funding for the ABC enforcement section if this bill passes. If the predictions of increased sales are true, this will only take a small portion of the additional tax revenues generated.

Second, an expansion of alcohol sales should also be met with an increased capacity to provide alcohol education programs, training of sales people, prevention programs, and the aforementioned enforcement resources. We would hope if SB54 passes, some of the additional tax revenues would be targeted for these programs.

Our request is for the committee to keep these issues in mind and to take action to assure law enforcement has the resources necessary to properly enforce the relevant laws implementing your policy decisions. The drive to comply with the laws is greatly enhanced with proper training, education, prevention programs and enforcement.

Ed Klumpp Ks Association of Chiefs of Police - Legislative Committee Chair Ks Peace Officers Association – Legislative Liaison eklumpp@cox.net Phone: (785)640-1102



Testimony of Kansas Leadership to Keep Children Alcohol Free Statewide Committee Co-Chairperson, Michelle Voth Kansas Senate Bill 54
Kansas Standing Committee on Federal and State Affairs
February 16, 2011

Dear Committee Members:

The Kansas Leadership to Keep Children Alcohol Free is a statewide committee coordinated by the Kansas Family Partnership. This statewide group has been in existence since 2000 and is committed to reducing youth alcohol use. Our goals are to educate others about the impact of early alcohol use, to energize the public to address this issue, and to focus the attention of state policy makers on the seriousness of the problem. This written testimony is designed to reveal the social and fiscal costs to the state related to underage drinking. This is **the other side of the story** not considered in the "economic impact" of increasing alcohol outlets in Kansas.

Attached is a "State of the State Regarding Underage Drinking in Kansas" that was developed by the Kansas Leadership to Keep Children Alcohol Free Committee in 2010. Summary points of this document include the following:

- Underage drinking cost the citizens of Kansas \$727 million. (This is based on 2007 data and current access to alcohol. These costs include medical care, work loss, pain and suffering, youth violence, traffic crashes, youth injury, youth alcohol treatment, fetal alcohol among mothers age 15-20 and poisonings and psychosis. (See page 4 of State of the State).
- For every \$100 Kansas government spends on substance abuse and addiction:
 - \$98.13 is spent on the burden of underage drinking to public programs;
 - \$ 1.55 is spent on prevention, treatment and research;
 - \$ 0.32 is spent on regulation and compliance.
- Kansas spends only .27 percent of its budget on substance abuse and addiction prevention, treatment and research but spends 17.4% of its total state budget on the burdens of substance abuse and addiction.

Policies that will reduce youth access to alcohol include:

- Reduced alcohol outlets;
- Reduction of alcohol advertising to youth;
- Age requirements of 21 for selling alcohol several studies indicate younger employees are more likely to sell to underage youth than older employees. Hiring only persons 21 or older reduces an establishment's potential liability;
- Enforcement of underage drinking laws;
- Banning or restrictions of home deliveries;
- Required trainings for clerks;
- Compliance checks. This will require additional resources from KDOR/Alcoholic Beverage Control.

Where and how do young people get alcohol?

A survey of over 6000 teenagers revealed (1)

- Teenagers usually get their alcohol from persons 21 or older.
- The second most common source for high school students is someone else under age 21, and the second most common source for 18- to 20-year-olds is buying it from a store, bar or restaurant (despite the fact such sales are against the law).
- In the 12th grade, boys were more likely than girls to buy alcohol from a store, bar or restaurant.

Focus groups with teenagers revealed:

Convenience stores are the easiest places to buy alcohol (2).

- Male store clerks and those who are younger are more likely to sell alcohol to teenagers (2).
- It seems less risky to ask an older adult to purchase alcohol than to attempt to buy alcohol directly (3).
- Most believed they would not face serious legal consequences for drinking (3).

The Kansas Leadership to Keep Children Alcohol Free Committee respectfully asks you to consider the impact of increased alcohol outlets on Kansas youth and the resulting costs to the state when you are deliberating on SB 54.

Sincerely,

Michelle Voth, Co-Chair

Michelle Voth

Kansas Leadership to Keep Children Alcohol Free

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Small Change, Big Difference

How Increasing Taxes on Alcohol Can Reduce the Costs Related to Alcohol

THE FACTS: Underage drinking is a huge drain on the state.

Kansas spends only **0.27% of its budget on** substance abuse and addiction **prevention, treatment and research**¹

but **spends 17.4%** of its total state budget **on the burdens** of substance abuse and addiction.²

- Underage drinking cost the citizens of Kansas \$727 million in 2007.3
- For every \$100 Kansas spends on substance abuse treatment and addiction:⁴
 - \$98.13 is spent on the burden of underage drinking to public programs;
 - \$ 1.55 is spent on prevention, treatment and research;
 - \$ 0.32 is spent on regulation and compliance.
- Expenditures for treatment for those under the age of 21 totaled \$1,481,485 in 2008.⁵

THE FACTS: Alcohol excise taxes have not gone up in over 30 years.

- Kansas has not raised the beer excise tax since 1977 and has lost 72% of its value since that time.
- If the beer taxes had kept up with inflation, the excise tax would be \$0.64 instead of \$0.18 per gallon.⁶
- The national average excise tax for wine is \$.80. Current Kansas tax is \$0.30 per gallon.
- Thirty-six states have excise taxes for table wine higher than Kansas.⁷
- The national average excise tax for spirits is \$6.72. Current Kansas tax is \$2.50 per gallon.
- Forty states have excise taxes for spirits higher than Kansas.⁷

"Can you spare a dime?"

By increasing the per drinking excise tax just \$0.10, an estimated revenue of \$97,381,400 could be generated.⁶

THE FACTS: Raising excise taxes results in many benefits including:

- Reduction of youth alcohol consumption.⁸
- Improved academic performance among college students.⁹
- Reduction in crime.¹⁰

Recommended Actions:

- Dedicated funding for prevention. Every dollar spent on substance abuse prevention saves from \$2.00 -\$20.00.^{11, 12,13}
- Raise excise tax rates for all alcoholic beverages. Increasing the costs of alcohol reduces underage use and reduces other alcohol-related harms. 14
- Tax alcopops as spirits These "flavored beers" should be classified as distilled spirits and taxed as such.¹⁵

Raising alcohol excise taxes is an option that is well-justified and good for public health.

The Kansas Leadership to Keep Children Alcohol Free Committee, a statewide committee dedicated to reducing underage drinking in Kansas has developed a White Paper entitled "The State of the State on Underage Drinking". To learn more about the impact of underage drinking in Kansas, what has been done to reduce it and what more can be done, see our Web site at: http://www.kansasfamily.com/getinvolved-ksleadership.cfm.

For more information contact Kansas Family Partnership at 1-800-206-7231.

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Kansas Leadership to Keep Children Alcohol Free is an initiative of Kansas Family Partnership, Inc.

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Regarding Underage Drinking in Kansas

KS Leadership to Keep Children Alcohol Free

A statewide committee working to educate the public about the impact of early alcohol use and to energize key policy and opinion leaders toward making the reduction of alcohol use by youth a state priority.

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About the State of the State

This white paper was developed by the Kansas Leadership to Keep Children Alcohol Free, a statewide committee that is coordinated by Kansas Family Partnership, Inc. This resource is designed to inform communities and state leaders of the costs associated with underage drinking and about the impact it has on Kansas youth and communities. This document is based on current data and research and national reports including: the National Academy of Sciences Institute of Medicine, "Reducing Underage Drinking: A Collective Responsibility," (2003), and "The Surgeon General's Call to Action to Prevent and Reduce Underage Drinking 2007." It also provides recommendations on how Kansas can reduce the costs associated with underage drinking.

This white paper is also available for downloading at: http://www.kansasfamily.com/getinvolved-ksleadership.cfm

The Effects of Underage Drinking

Underage drinking is a leading contributor to death from injuries, which are the main cause of death for people under the age of 21. Each year, approximately 5,000 young people under the age of 21 die as the result of underage drinking in the United States.¹ This includes about 1,900 deaths from motor vehicle crashes; 1,600 as a result of homicides; 300 from suicide, as well as hundreds of other injuries such as falls, burns, and drowning.¹ In Kansas, alcohol-impaired drivers under the age of 21 were involved in 556 crashes resulting in 18 deaths and 354 injuries during 2008.² While those under 21 constitute less than 10% of the Kansas driving population, this age group is involved in 16% of all alcohol-related crashes.²

New research indicates that the brain is not fully developed until the mid-20's. Introducing alcohol to the developing brain puts youth at greater risk for unintentional death, suicide, injury and risky sexual behavior.³ Underage drinking can interfere with school attendance, disrupt concentration, damage relationships with parents and peers, and potentially alter brain function and/or other aspects of development, ALL of which have consequences for future success in such areas as work, adult relationships, health, and overall well-being.⁴

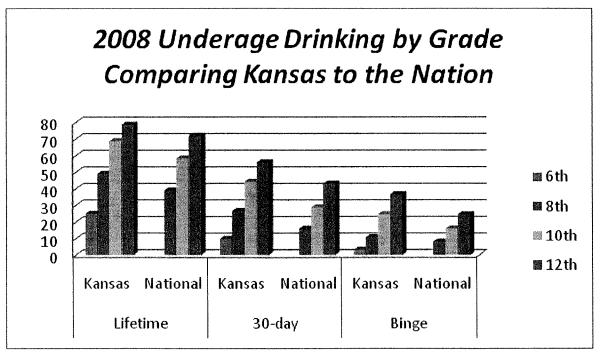
Young people who begin drinking before the age of 15 are:

- Four times more likely to develop alcohol dependence than those who begin drinking at age 21;⁵
- More likely to have other substance abuse problems during adolescence.⁶

Underage Drinking in Kansas

Alcohol use rates among Kansas youth <u>exceed</u> the national average.⁷ Kansas rates are⁸:

- 10% higher for 8th and 10th graders for lifetime alcohol use;
- 9% to 15% higher for alcohol use in the last 30-days by 6th, 8th, 10th and 12th graders;
- 2.6% to 12% higher for binge drinking for all age groups.^{7,8}



*NOTE: National survey does not include 6th grade.

Positive trends have been seen related to the availability of alcohol. There has been a downward trend since 1997 of students who report it is "very easy" to get some beer, wine or hard liquor. Access, however, increases with age with 29.2% of 10th graders and 42.4% of 12th graders reporting alcohol is easy to get.⁸

• Treatment Issues - Youth under the age of 21 accounted for 25% of all treatment admissions for alcohol abuse.⁹

Economic Impact of Underage Drinking

Underage drinking cost the citizens of Kansas \$727 million in 2007. These costs include medical care, work loss, and pain and suffering associated with the multiple problems resulting from the use of alcohol by youth. Youth violence and traffic crashes attributable to alcohol use by underage youth in Kansas represent the largest costs for the state. However, a host of other problems contribute substantially to the overall cost. For example, fetal alcohol syndrome (FAS) among teen mothers alone costs Kansas \$12.1 million per year.¹⁰

Kansas spends only **0.27 percent of its budget on** substance abuse and addiction **prevention**, **treatment and research**¹² - but **spends 17.4**% of its total state budget **on the burdens** of substance abuse and addiction.¹³

For every \$100 Kansas government spends on substance abuse and addiction¹¹:

- \$98.13 is spent on the burden of underage drinking to public programs;
- \$ 1.55 is spent on prevention, treatment and research;
- \$0.32 is spent on regulation and compliance.

Costs of Underage Drinking by Problem, Kansas 2007 (Total Costs in Millions)				
Youth Violence	\$458.0			
Youth Traffic Crashes	\$117.8			
High-Risk Sex, Ages 14-20	\$ 49.6			
Youth Property Crime	\$ 31.2			
Youth Injury	\$ 28.7			
Youth Alcohol Treatment	\$ 25.8			
FAS Among Mothers Age 15-20	\$ 12.1			
Poisonings and Psychoses	\$ 4.1			
TOTAL \$727.3				

Kansas falls behind other states:

- Kansas ranks 17th among all states and the District of Columbia on what it spends on the per capita burden of substance abuse and addiction (\$432.05 per capita); 13
- Kansas ranks 31st among all states and the District of Columbia in per capita spending on substance abuse prevention, treatment and research.¹²

Treatment Costs - In fiscal year 2009, 905 persons under the age of 21 received treatment for alcohol abuse. At an average cost of \$1,637 per client, including those that received only an assessment, the **treatment for underage drinking alone cost the state \$1,481,485.**9

Current Kansas Policies to Reduce Youth Access to Ale



Kansas is among many states that have enacted strong policies designed to reduce youth access to alcohol.

Issue	Summary	Penalties
K.S.A. 41-727 Minor in Possession and/or Consumption	Unlawful for anyone under 21 to possess, consume, obtain, purchase or attempt to obtain or purchase alcoholic liquor or cereal malt beverages except as authorized by law.	 Minimum fine \$200 Fine up to \$500 Up to 1 month in county jail 40 hours community service or attend alcohol class Driver's license suspended for minimum of 30 days and up to one year
K.S.A. 8-260 Section (a) (1) False or Altered I.D.	 Unlawful to display or possess fictitious or altered driver's license/state I.D. 	Fine up to \$1,000Up to 6 months in county jail
K.S.A. 8-260 Sections (a) (2) & (3) Borrowed Identification	 Unlawful to lend or allow another to use a driver's license/state I.D. Unlawful to display a driver's license/state I.D. belonging to another person. 	Fine up to \$2,500Up to 1 year in county jail
K.S.A. 8-260 Section (a) (5) Fraudulently Apply for Driver's License or State I.D.	Unlawful to fraudulently apply for a driver's license or state I.D.	 Felony – Severity Level 9 Fine up to \$100,000 Up to 17 months in prison
K.S.A. 8-260 Section (a) (7) & (8) Reproductions of Identification	Unlawful to reproduce or to display/ possess a reproduced driver's license/state I.D.	Fine up to \$2,500Up to 1 year in county jail
K.S.A. 8-260 Section (c) Fake, Altered, or Borrowed Identification Used by Person Under 21 to Purchase Alcohol	 Unlawful to lend to or allow person under 21 to use driver's license to purchase liquor or purchase/consume beer. Unlawful for person under 21 to possess or display false or altered driver's license/state I.D. to purchase liquor or beer. 	 Minimum fine \$200 Fine up to \$2,500 Up to one year in county jail Minimum of 100 hours of public service
K.S.A. 8-1567a Zero Tolerance	Unlawful for person under 21 years of age to operate or attempt to operate a motor vehicle with a breath or blood alcohol content of .02 or above.	Driving privileges suspended 30 days on first offense and 1 year for subsequent offense
K.S.A. 21-3610 Furnishing Alcohol to Minors	 Unlawful to directly or indirectly sell to, buy for, give or furnish any alcoholic liquor or beer to any minor. 	 Minimum fine of \$200 Fine up to \$1,000 Up to 6 months in county jail
K.S.A. 21-3610c Hosting Minors	Unlawful to host minors consuming alcoholic liquor or cereal malt beverages at a person's residence, land, building or rented room.	 Minimum fine of \$1,000 Fine up to \$2,500 Up to 1 year in county jail
K.S.A. 41-2905 Keg Registration	 Retailers required to affix a keg identification number and record the keg number, date of sale, purchaser's name and address and the number of the purchaser's driver's license. Unlawful to remove or destroy keg identification label/to possess key without I.D. label. 	 Suspension of retailers license Fine up to \$1,000 Fine up to \$1,000 Up to 6 mos. in county jail

These statutes can be viewed online at http://www.kslegislature.org

Additional Policy Changes That Will Reduce Underage Drinking

- Increase Excise Taxes
- Tax Alcopops as Spirits
- Dedicate Funds for Prevention

Increase Excise Taxes

Kansas should increase excise taxes on alcohol. In a 2003 groundbreaking report called "Reducing Underage Drinking: A Collective Responsibility," the National Academy of Sciences Institute of Medicine (IOM) recommended raising excise taxes to reduce underage consumption and to raise additional revenues for prevention and treatment. The report recommends that top priority be given to raising beer taxes, and that excise tax rates for all alcoholic beverages are indexed to the consumer price index so that they keep pace with inflation without the necessity of further legislative action.¹⁴

Studies show that when states raise the tax on alcohol, underage drinking declines. Additional studies indicate that tax increases will result in fewer cases of alcohol dependence, deaths, rapes, aggravated assaults, robberies, incidents of severe violence against children, and cases of fetal alcohol syndrome each year.¹⁵

Alcoholic beverages are far cheaper today than they were in the 1960's and 1970's (after adjusting for overall inflation). There is strong and well-documented research that raising the price of alcohol impacts underage drinking in the following ways:

- Young adults are more responsive to price increases than adults.¹⁶
- Higher beer prices result in reduced youths' decisions to drink.¹⁷
- Increased price reduced frequency and quantity of underage alcohol consumption.¹⁸

Kansas has not raised the beer excise tax since 1977 and it has lost 72% of its value since that time. If the tax had kept pace with inflation the excise tax on beer would be \$0.64 per gallon rather than the current tax of \$0.18 per gallon.¹⁷

The Marin Institute has developed a tax calculator that estimates the revenue that would be generated based on the amount of tax increase by drink, litre, gallon or 31 gallon barrel measurements.

If the beer tax was calculated at 0.64 per gallon or 0.46 more than the current rate of 0.18, the increase in excise tax revenue would be 17 :

	TOTAL	
Excise Tax Revenue Increase	\$27,000,000	
Change in Sales Tax Revenue	\$ 767,000	
TOTAL	\$27,767,000	

If the per drink excise tax was raised \$0.10 for a glass of beer, wine or spirits, an estimated \$97,381,400 in revenue would be generated.

	Beer	Wine	Spirits	TOTAL
Excise Tax	\$61,400,000	\$6,230,000	\$27,700,000	\$95,330,000
Revenue Increase				
Change in Sales	\$ 1,720,000	\$ 92,400	\$ 239,000	\$ 2,051,400
Tax Revenue				
TOTAL	\$63,120,000	\$6,322,400	\$27,939,000	\$97,381,400

Kansas falls behind other states in the amount it levies on alcohol.

The national average excise tax for wine is \$.80 per gallon. The current Kansas tax is \$0.30.

• Thirty-six states have excise taxes for wine higher than Kansas.²⁰

The national average excise tax for spirits is \$6.72 per gallon. The current Kansas tax is \$2.50.

• Forty states have excise taxes for spirits higher than Kansas.²⁰

Tax Alcopops as Spirits

Alcopops should be taxed and sold as distilled spirits (at much higher rates) because they do in fact contain spirits. Although the alcohol industry claims alcopops are "flavored beers," the products don't taste or look like beer. Unfortunately, in many states, alcopops are being sold as beer, making them cheap and more available than if the products were properly classified as distilled spirits.

Dedicate Funds for Prevention

Kansas should dedicate funding for substance abuse education and prevention. Investing in prevention will save the state money by avoiding the costs we currently pay for alcohol-related traffic injuries and fatalities, educational failure, sexually transmitted diseases, crime, domestic violence, and child abuse.

Currently **Kansas** has variable funding that is dedicated to treatment and rehabilitation that is based on sales, but **has no dedicated funding for education and prevention or enforcement and administration.**

Kansas could employ any one of the following methods to dedicate funding to prevention:

- Specify a percentage of the overall money collected; or
- A specific tax rate is applied to the sales of alcoholic beverages; or
- Allocate a fixed amount plus a percentage of money collected from sales.

It is time to take a new approach. If we want to stop spending more money on the problems related to underage drinking, greater focus and funding must be directed at preventing the associated problems.

ther Effective Strategies

Underage drinking cannot be successfully addressed by focusing on youth alone.

Youth obtain alcohol – either directly or indirectly – <u>from adults</u>. Therefore, **efforts to reduce underage drinking must focus on adults as well as youth, and must engage society as a whole.** Additional efforts on the part of schools, families, other adults and the community at large will be necessary to reduce the use of alcohol by youth.

Schools – Monitor substance abuse and risk and protective factors among students. Engage in school improvement efforts, and develop and enforce strict "no use" policies for all students. Participate in the Kansas Communities that Care Survey to obtain data that can be used for school improvement efforts.

Parents – **Educate yourselves and talk to your child about underage drinking** – The more parents talk with their youth about underage drinking, the less likely they will become harmfully involved.²¹ Unfortunately, less than half of Kansas's students (46.9%) report they have talked to their parents about alcohol, tobacco and other drugs in the past year.

Adults - Reduce access/Don't provide alcohol to youth–Nearly 22.4% of Kansas students report alcohol is "very easy" to get.⁷ Nationally, 65% of youth report that they get their alcohol from friends and family.²² Get involved in a local coalition to reduce underage drinking, financially support local efforts and advocate for funding for effective substance abuse prevention programs, practices and policies.

Government Funded Programs – Screen for substance use disorders and offer effective interventions to every person entering a government funded health service, criminal justice or social welfare setting. Screening, brief interventions and referral to treatment (SBIRT) reduce the long-term costs of addiction and have shown reductions in hospitalizations.²³

Community Involvement – Our words and our actions define what is acceptable and what is not acceptable to our youth. Educating all sectors of the community (business, community agencies, community coalitions, faith community, health agencies, law enforcement, media, parents, schools and youth) about the impact of underage drinking and building local support for effective programs, aggressive enforcement, and prosecution of underage drinking laws will reduce underage drinking and create healthier communities.

Support Enforcement - State and localities should implement enforcement programs to deter adults from purchasing alcohol for minors such as the routine shoulder tap or other prevention programs targeting adults who purchase alcohol for minors; as well as high visibility enforcement of laws against selling by retailers and furnishing or hosting by other adults.

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Leadership to Keep Children Alcohol Free Committee Representatives:

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Keri Renner - Committee co-chair, Kansas Family Partnership, Inc.

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Steve Halbett - Kansas Dept. of Transportation - Bureau of Transportation Safety and Technology

Gary Caruthers - Kansas Medical Society

Ed Clement - Community volunteer

Tim Edwards - Community volunteer

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Kansas Leadership to Keep Children Alcohol Free is an initiative of Kansas Family Partnership, Inc.

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TESTIMONY OF THE KANSAS ASSOCIATION OF COUNTIES TO THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE ON SB 112

Chairman Brungardt and Members of the Committee:

Thank you for the opportunity to testify in support of SB 112.

The Kansas Association of Counties opposed Senate Bill 301 last year because it repealed county surveyor reviews and removed safeguards in the survey laws that we believe ensure our land records are accurate.

Following the 2010 legislative session, the Kansas Association of Counties worked with the Kansas County Highway Association, the Kansas Society of Land Surveyors and the Kansas Association of County Engineers to find a solution that would both protect the public and satisfy the concerns of each organization. While these three were the main players many other organizations were also consulted. I am happy to report that these organizations are in agreement on the proposal before you. This bill updates the county surveyor laws as well as addressing the issue of reviewing surveys.

I will leave the technical explanation of the bill to those proponents who work in the field of land surveying. KAC believes this is a good compromise between all parties, and we ask you to pass this bill. Thank you for your consideration.

Respectfully Submitted,

Melissa A. Wangemann

General Counsel and Director of Legislative Services

300 SW 8th Avenue 3rd Floor Topeka, KS 66603-3912 785•272•2585 Fax 785•272•3585

(8)

Testimony before the Senate Federal and State Affairs Committee Concerning Senate Bill 112 Presented by Jim Schmitz, representing the Kansas Society of Land Surveyors Thursday, February 17, 2011

Mr. Chairman and members of the committee, I thank you for the opportunity to address you today. My name is Jim Schmitz, I am the County Surveyor of Linn County and the President of the Kansas Society of Land Surveyors. I am here today representing the Kansas Society of Land Surveyors and appreciate the opportunity to present my remarks concerning Senate Bill 112 and to answer any questions you may have.

The Board of Directors of the Kansas Society of Land Surveyors after much discussion and careful consideration voted to support all provisions of this bill. The updating and clarification of county surveyor statutes is long overdue. It is my understanding, this proposed legislation has input from organizations having interest in it and who wished to participate, also that as near as possible, those interests are addressed. Most of you know, KSA 58-2005, the primary survey review statute, has been a major issue for several years. KSA 58-2005 in its current form has no provision governing the time a Co. Surveyor or contracted Co. Surveyor may take to make his or her review. We feel this proposal before you now addresses this issue among others, and is a viable compromise for Land Surveyors while at the same time, and most importantly, continues to protect the health, safety and welfare of the public.

As with all legislation, there will be a few in any organization who will not be completely satisfied. This is also true with our organization. Some may even testify today against this proposal. I, as president of KSLS and our Board of Directors, as evidenced by their vote, believe a vast majority of our members represented by me today, wish to endorse this legislation and move forward.

I will be happy to try to answer any questions you may have.

I wish to thank you very much for your time and consideration of this legislation.

James D. Schmitz, PLS KSLS President

TESTIMONY

Concerning Senate Bill 112

Presented by Darryl Lutz, representing the Kansas County Highway Association an affiliate organization of the Kansas Association of Counties

Chairman Brungardt and members of the committee, my name is Darryl Lutz, County Engineer and Director of Public Works of Butler County. I appreciate the opportunity today to present my remarks in support of Senate Bill 112 as drafted.

In addition to my duties as Butler County Engineer, I serve as the Legislative Committee Chairman of the Kansas County Highway Association. The Kansas County Highway Association consists of the County Engineers and Road Supervisors of Kansas Counties. Usually the county surveyors work within the county road and bridge departments so our association is well aware of surveying laws and issues. Our association has worked with the legislature over the last 10 years to update the laws relating to county roads and bridges. This last year the KCHA made a comprehensive review of county surveyor statutes and the survey review statutes. The bill you have before you is our effort to update these statues to reflect current conditions and interrelationship with other laws. Many of the laws have not been updated since 1911 when the legislature required counties to employ a county engineer. So an update has been long overdue. This effort was led by our Land Survey Committee, which was chaired by, David Nowak, Saline County Surveyor.

The bill is rather long reflective of the fact that many of these statutes have not been revised for over 90 years. That was a time when there was no licensing requirement for engineers or land surveyors. Only the county surveyor could then survey land and he could even practice what we now call engineering. We took the opportunity while updating the county surveyor laws to address the issue of county surveyor reviews of surveys prior to recording at the register of deeds. The review issue has been contentious in the last few years, but I am happy to report to you that we have reached a compromise that we feel will not only protect the public but will recognize the diverse situations that occur within our state. During this process we have requested comments and participation from many groups, agencies and associations. These groups include:

- Kansas Society of Land Surveyors (KSLS)
- Kansas Association of County Surveyors (KACS)
- County Counselors Association of Kansas (CCAK)
- Kansas Register of Deeds Association
- Kansas Association of Mappers
- Kansas Association of County Planning and Zoning Officials(KACPZO)
- Kansas State Historical Society
- Kansas Information Technology Office (KITO)
- Kansas State Board of Technical Professions
- Kansas Department of Transportation
- Kansas Land Title Association

Some groups have been more involved than others, but all the comments and concerns have been considered and to our knowledge there is no **group** in opposition to the proposed bill.

I will highlight the key points relating to review of surveys by the county surveyor.

- Clarified and listed the items the county surveyor will review.
- Set time limits for the review
- Require that surveys of new tracts and surveys that result in new legal descriptions be recorded at the register of deeds. (This is currently an administrative regulation.)
- The county surveyor review is only required of surveys that are required by law to be recorded at the register of deeds.
- County commissions can by resolution waive the review requirement for regular surveys, but not subdivision plats.

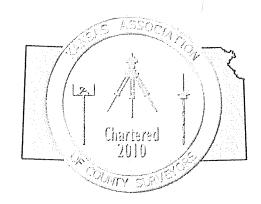
We think this compromise will work much better than the current law. It will encourage surveys to be recorded at the register of deeds where other land records are recorded. It will retain county surveyor review of those surveys that are more likely to have errors, such as subdivision plats.

The KCHA respectfully asks this committee to pass this bill favorably out of committee. Thank you for considering this legislation.

February 17, 2011

Kansas Association of County Surveyors

c/o Johnson County Surveyor 1800 W. Old 56 Hwy Olathe, Kansas 66061



Senate Federal and State Affairs Committee 300 SW 10th Avenue, Room 136-E Topeka, KS 66612

Dear Senator Brungardt and committee members:

The Kansas Association of County Surveyors (KACS) wishes to thank you for your time and efforts in once again considering the issues found in SB 112. The bill's language represents the result of much time and energy expended in finding a compromise that speaks to the many factions interested in the proposal.

The KACS, while recently organized, is composed of county surveyors having been in public service for decades. We are uniquely qualified to participate in the process of standardizing law, regulation and practices from a statewide perspective concerning land surveying and recordation of surveys.

While the KACS does not fully agree with all of the issues and their solutions contained in SB 112 we do support the current language as a compromise in an effort to move forward. The bill attempts to address differences found around Kansas caused by population densities and regional practices while adhering to the principle of protecting the health, safety and welfare of our citizenry.

Again, thank you for considering SB 112.

Kansas Association of County Surveyors

Senate Federal & State Affairs Committee Testimony on SB-112 Submitted by Randy Anderson February 17, 2011

Mr. Chairman, and Senators of the Committee,

I am Randy Anderson, a Licensed Land Surveyor from Great Bend, Kansas representing Central Kansas Surveying & Mapping, Inc. Thank you for the opportunity to present written testimony today in opposition to SB-112.

I have been surveying since 1974 and have owned and operated a land surveying company in Great Bend, Kansas for the past 29 years. My practice covers approximately a dozen counties in central and western Kansas. The majority of the counties I work in each have a total population of less that 5,000.

As a member of the Kansas Society of Land Surveyors I sat on committees pertaining to the problems associated with 58-2001 through 58-2005, and in January of 2010 testified at a senate committee hearing is support of SB-301, seeking the repeal of KSA 58-2001 through 58-2005. Because of the unnecessary burdens and financial strains SB-112 will bring upon the counties and the State of Kansas, I offer the following concerns for your consideration.

New Section 1 (a) "The Board of county commissioners of each county shall appoint a land surveyor, whose official title shall be county surveyor."

Opposing Argument:

The appointment of a county surveyor will adversely affect counties in the following ways.

- 1) The majority of central and western Kansas counties have total populations of less than 5,000. These counties do not have the need for a county surveyor nor the financial resources to hire and compensate a county surveyor.
- 2) This bill does not prevent licensed land surveyors in private practice from being appointed as county surveyors, resulting in ethical problems including a conflict of interest, and unwarranted, unnecessary and uncontrolled power in regard to their competitor's work.
- 3) With a shortage of licensed land surveyors in central and western Kansas, the result will be land surveyors seeking financial gain from this statute by soliciting appointments from multiple counties far outside their area of practice.

<u>Amended KSA 19-1430 (d)</u> "The cost of the preservation or reestablishment of the corner monument shall be paid by the agency responsible for maintaining the road, or if such corner monument is located on private property, by the landowner."

Opposing Argument:

This statute requires the county, township or Kansas Department of Transportation to pay for this service that occurs in a majority of all rural surveys.. This will result in additional fees to the counties, townships and State that they are not currently paying.

ie. A survey I just completed in January of 2011 would have cost Pawnee County approximately \$700.00 for that service. Depending on the area of practice and the number of corners that apply, the fee to the county, township or State could run from hundreds to thousands of dollars per survey.

<u>Amended K.S.A. 58-2001 (2)</u> "Subdivision plat" means a type of survey plat that creates lots, tracts, units or other parcels of land, that is acknowledged by the landowner and which requires acceptance by a city or county governing body."

Opposing Argument:

This definition does NOT match the definition in the Kansas Minimum Standards for Boundary surveys (K.A.R. 66-12-1).

<u>Amended K.S.A. 58-2005</u> Before a subdivision plat, or survey plat required to be recorded pursuant to section 2, and amendments thereto, can be recorded, it shall be reviewed by the county surveyor or a land surveyor designated by the county."...."The county shall be responsible for the enforcement of this act."

Opposing Argument:

In 2010 the Kansas Society of Land Surveyors sponsored SB 301, seeking the repeal not only of K.S.A. 58-2005 but also K.S.A 58-2001 thru 2004. This bill was supported by a large percentage of the KSLS membership along with the following organizations:

Kansas State Board of Technical Professions

Kansas Land Title Association

Kansas Association of Realtors

In an email from Norm Bowers, local Road Engineer with the KAC, dated 1-3-09 he states that "the review in not working." There are many detrimental and irreconcilable issues associated with K.S.A. 58-2005 that SB 112 will not eliminate or improve. Limited resources in rural counties to implement the statute, difficulty finding a land surveyor to perform the review, delays in real estate closings (even with an imposed review deadline), added cost to the consumer or the county and ethical questions in regard to competitors reviewing each other's work are among the most destructive.

In the past 9 years I have found K.S.A.58-2005 to be both counterproductive and detrimental to counties and the public and without merit for the following reasons:

- 1) 58-2005 is a limited plat review and therefore does not detect errors made in the field or substandard survey practices.
- 2) There are additional costs for the review over and above the fee for the land survey, either to the county or the consumer
- 3) SB 112 sets a time frame for review to be completed. Even 8 to 11 days would be a significant delay to buyers and sellers for real estate closings. What are the consequences to reviewers who do not comply with the time frame and who is going to be responsible for monitoring and implementing the consequences, the counties?
- 4) There has been a reduction in survey plats getting recorded. In a KSLS survey, approximately 1/3 of the responding counties indicated that there are a fewer number of surveys being submitted for recordation since the amended version of 58-2005 was instituted. SB 112 will not reverse this trend.
- 5) No other professions under the Kansas State Board of Technical Professions are required to have their work reviewed by a peer.
- 6) There is no similar statute in the surrounding states of Oklahoma, Colorado, Nebraska or Missouri. K.S.A. 58-2005 provides a serious deterrent to becoming licensed in Kansas or for providing land surveying services in Kansas.
- 7) K.S.A. 58-2005 is unnecessary as it has been superseded by local subdivision requirements, the adoption of the "Minimum Standards for Boundary Surveys (K.A.R. 66-12-1)," the Land Survey Reference Report Statute (K.S.A. 68-2011 a b & c) and mandatory continuing education. In addition, land surveyors are now required to have a formal degree in land Surveying to qualify to take the State examination. And there is already a statute in place to hold registered land surveyors accountable through the Kansas State Board of Technical Professions (KSA 74-7001 et seq. 66-6-4). It is the KSBTP's responsibility to license, monitor and discipline registered land surveyors.

In closing I would like you to note that the support for this bill comes almost exclusively from land surveyors in highly populated urban counties of Kansas. The bill states that "the county shall be responsible for the enforcement of this act." Approx. 2/3 of the counties in Kansas have less than 10,000 people and ½ of those counties have a total population less than 5,000. This disconnect and total lack of regard for the devastating financial, implementation and enforcement burden that SB 112 would impose on these very rural counties is irresponsible at best. I urge you to protect these counties by opposing SB 112.

Thank you for your time and attention to this matter,

Respectfully submitted,

Randy E. Anderson, RLS

Central Kansas Surveying & Mapping, Inc.

Randy E. arderson

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Great Bend, Kansas 67530

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Senate Federal & State Affairs Committee Testimony on SB – 112 Submitted by William Haverkamp February 17, 2011

Mr. Chairman, and Senators of the Committee

I am a licensed land surveyor in the State of Kansas, concerned with some of the content in Senate Bill 112 being considered by this committee. This bill addresses existing legislation and proposes new legislation relative to land surveying and land surveyors. In my opinion some of the legislation proposed is beneficial in addressing changing responsibilities over time. This is welcome. However, some of the proposed legislation may be better left under the auspices of the Kansas State Board of Technical Professions (KSBTP). My concerns are as follows:

New Sec. 2. The subject of this proposed legislation, perpetuation of survey records, is already embodied in the existent Kansas Minimum Standards for Boundary Surveys adopted by the KSBTP. Why create another law? A difference is the proposed bill establishes a timeline for recording the document. This could be included into the existent Kansas Minimum Standards for Boundary Surveys.

Section 13. This section addresses the perpetuation of the monuments at a survey corner. While this is good and appropriate, it does not address the issue of when it has to be accomplished. At the State and County government level they overlay many roadways annually. Will they be required to research, document, and perpetuate each corner that they may impact? Or, should the bill address that when needed, the Agency responsible for the road will be financially responsible for the perpetuation of a survey corner monument?

Section 18, 19, 20, and 21. These are revisions to KSA 58-2001 thru 2004 which were originally passed into law in 1967, prior to licensure requirements of land surveyors and the creation of the surveying regulatory board, the KSBTP. My suggestion is that these laws, KSA 58-2001 to 2004, be repealed and allow the KSBTP to integrate any beneficial aspects of them into the already existent Kansas Minimum Standards for Boundary Surveys. The standards of practice are in place, let's not duplicate them. Allow the KSBTP to enhance them as they deem fit.

Section 22. This is a revision of KSA 2005, which was also originally passed into law in 1967. In the 2010 legislative session SB 301 was introduced by the Kansas Society of Land Surveyors to repeal KSA 58-2005. The primary issue with this law is the fact that many counties do not employ a land surveyor, but choose to utilize a contract surveyor for the survey review. In essence a potential review by your competition. Many conflicts can arise from this condition, including delays in accomplishing the review, delays in real estate closings, and pettiness over style. In last year's committee hearing for SB 301 the repeal of KSA 58-2005 was supported by the Kansas Society of Land Surveyors, title companies, and the Kansas State Board of Technical Professions. In opposition was the KAC, and the Kansas Association of County Surveyors, which number approx. 15-20 county and private contract surveyors. If a county feels a review is required they should hire a land surveyor for that specific purpose that does not compete in private practice, and not a contract review surveyor. This proposed Section 22 is extremely broad as to what review requirements could be mandated. What is the penalty for not completing a review in 8 days as required in subsection (e)? The costs will ultimately be passed on to the consumer. I favor repeal of KSA 58-2005.

Surveying is a dynamic and ever changing profession. Let's allow the KSBTP to institute the structure, and not embed it into statute. Thank you for your time and consideration of my concerns..

Respectfully,

William J. Haverkamp, LS 4212 SW Shenandoah Road

Topeka, Ks. 66610

February 16, 2011

To the Committee on Federal and State Affairs Re. Senate Bill 112

Honorable Senators:

As a Land Surveyor licensed for 25 years and practicing in the State of Kansas, I ask that you take my comments into consideration as you discuss this bill.

Sec. 11; Page 4; Line 25; word 5: The word "shall" should be changed to read "may". This statute is archaic and reads from a period of time when there was not much distinction between a county and private surveyor. This statute can be interpreted by the public to read that they are required to secure the services of a county surveyor for a private survey. There are some county surveyors who also practice in the private sector who would benefit in free enterprise competition from this misinterpretation. The misconceptions and possible ethics violations can be avoided with this slight change is wording.

Sec. 22; Pages 10, 11 and 12: It is my belief that this section should be entirely stricken. Other sections of this bill cover the requirements of filing certain types of surveys for the benefit of the public record. This section gives authority to the county surveyors, or a designated reviewer, to review, accept, or reject plats filed by the private sector for record. Many of these reviewers are simply county agents and have never surveyed in the field on boundary surveys. As you can tell from the gross expansion of the wording of this Section, the topic of plat review requires a lot of text to restrict the actions of reviewers. The reason for the added wording is that reviewers have abused the authority given to them in the past. The expanded wording that you see in this Section does not even begin to cover what is necessary to control.

Briefly, the Kansas State Board of Technical Professions (KSBTP) was established by the State of Kansas to govern the practice of surveying and there is no common sense need for this Section to remain in the law. The subject of plat review should be left to those within the profession who understand it, namely this Board. Reviewers have abused the authority given them by this Section at an expense to the public, no matter what this small group of county agents has led the legislature to believe. Please give the jurisdiction of professional oversight completely back to the KSBTP by striking this Section. That is where it belongs.

Thank you for your time and consideration.

Michael Clifford, L.S. 884 (Kansas)

2415 S.E. 45th Street Topeka, KS 66609