

SESSION OF 2010

SUPPLEMENTAL NOTE ON SENATE BILL NO. 454

As Amended by Senate Committee on
Federal and State Affairs

Brief*

SB 454, as amended, would amend the Liquor Control Act and the Club and Drinking Establishment Act.

The bill would change issuance of liquor licenses from a one-year term to biennially for licenses under the Liquor Control Act. Licenses under the Club and Drinking Establishment Act would be staggered, so that certain licenses would be issued biennially while others would be issued for one year until July 1, 2011, when licenses would then be issued biennially. License fees would have to be paid biennially in accordance with the license renewal, but fees would not increase. The Director of the Division of Alcoholic Beverage Control (ABC) could extend the term of a license for up to 30 days beyond its expiration date.

Under the bill, each applicant would be allowed to pay the full biennial fee or one-half of the fee. If the applicant chooses to pay one-half of the fee, then such applicant would have to pay the next one-half fee payment plus 10 percent which would be due one year from the date of issuance of the license. If the payment is not made by the due date, then the license would be automatically canceled. The Director may extend the payment date for up to 30 days beyond when the payment is due.

The bill would allow an applicant to pay by personal check, debit or credit card, or by electronic payment (current law allows payment by certified or cashier's check, U.S. money order, or cash). In addition, the bill would allow a refund of one-half the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

license fee if the applicant paid the amount in full and was prevented from operating under such license for the entire second year of the license term.

Under the bill, all license fees would be remitted to the State General Fund.

The bill would change the occupation or license tax levied by a city or township on a licensee from one year to biennial. The Director would be authorized to extend the license term date and for payment of the second half of the license fee by the licensee for 30 days. Also, the Director would be authorized to issue a biennial license to municipal corporations under the Club and Drinking Establishment Act. Municipal corporations would be defined as the governing body of any city or county.

Finally, the bill would prohibit the issuance of a club or drinking establishment license to any person who does not own the premises for which the license is sought or who does not have a written lease at the time the application was submitted except that an applicant seeking a license for a premise owned by a city or county, or a stadium, arena, convention center, theater, museum, amphitheater, or other similar premise may submit an executed agreement to provide alcoholic beverage services at the premises listed in the application in lieu of a lease.

Background

Proponents on the original bill included representatives from the Division of Alcoholic Beverage Control, Kansas Association of Beverage Retailers, City of Salina, and Kansans for Addiction Prevention. Opponents of the original bill included representatives of the Kansas Restaurant & Hospitality Association, the Kansas Licensed Beverage Association, Hilton Wichita Airport, Hyatt Regency Wichita, and the Kansas Chamber. The original bill would have doubled the license fees.

The Committee amended the bill so as not to increase the fees for a biennial license; allowed the licensee to pay one-half the balance of the full fee; authorized the Director of ABC to allow a 30-day grace period for renewal of a license and payment fees; allowed for a refund of application fees if the license is not used in the entire second year; allowed more methods for payment of fees; and changed the occupation or license tax levied by cities and townships to biennially.

According to the Division of Budget, the original fiscal note would increase state revenue by \$2.1 million in FY 2011. Of that total, the State General Fund is estimated to increase by \$1,650,000 in FY 2011 while the other State Fees Fund within the Department of Social and Rehabilitation Services is estimated to increase by \$450,000 in FY 2011. The fiscal note from the Division of Alcoholic Beverage Control estimated the increased revenue for FY 2012 would be \$2.0 million.

The Senate Committee amendments to the bill would result in a revised fiscal note. The bill, as amended, would require the licensee to pay the full amount for a biennial license in the first year of renewal unless the licensee chooses to pay one half the fees in the first year and one-half of the fees in the second year. If the licensee chooses to pay the full amount, an additional maximum \$2.0 million could be generated for the State General Fund over a two year period, FY 2011 and FY 2012. Approximately \$0.5 of the increased revenue would be received in FY 2011 and \$1.5 million in FY 2012. This would not take into account the 10 percent surcharge if licensees chose to pay one-half the first year and one-half the second year. Any licensee paying one-half the new biennial fee in FY 2012 would reduce the estimated revenue amount by one-half for each type of license. Any licensee paying one-half the new biennial fee in FY 2011 would reduce the fiscal year's estimated revenue, but then would accrue in FY 2012 when the second half was paid along with the 10 percent surcharge.