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MEMORANDUM

TO: Senator Mike Thompson, Chairman, Senate Federal and State Affairs Committee

FROM: Debbi Beavers, Director, Alcoholic Beverage Control Division. Email: debbi.beavers@ks.gov; Desk Phone 785-368-6290; Cell 785-260-1008.

DATE: March 1, 2024

SUBJECT: SB 511 Neutral Testimony

Mr. Chairman:

Thank you for the opportunity to testify. The ABC is neutral on this bill but does have several concerns to bring to your attention.

The bill would allow a microbrewery to self-distribute products that they manufacture and sell their products in unopened containers at special events either on or off their licensed premises.

Kansas utilizes the three-tier system to regulate alcohol and maintain an orderly market. This system separates manufacturers/importers from the retail tier by using distributors. This provides an efficient and effective mechanism to protect public health and safety and collect taxes.

This change would further blur the lines of the three-tier system. Current law authorizes a farm winery to self-distribute. This privilege was given to promote agritourism. At the time this law was enacted, a farm winery was required to utilize 60% Kansas agricultural products in their wine. Today, there is no requirement for Kansas products to be utilized.

Further, pursuant to the U.S. Supreme Court's ruling in *Granholm v. Heald*, 544 U.S. 460 (2005), the ABC cannot treat in-state and out-of-state licensees differently. As a result, this change would open the door to allow *any* microbrewery to self-distribute in Kansas, even those located out of

state. This would bypass the Kansas distributor. A Kansas microbrewery is authorized to manufacture 60,000 barrels of beer annually. Each barrel contains 31 gallons.

For some national context, a similar bill in Georgia, SB 163, authorizing microbrewery self-distribution failed to advance out of their Senate Regulated Industries and Utilities Committee.

Thank you, Mr. Chairman.