



February 24, 2025

The Honorable Tom Kessler, Chairperson
House Committee on Federal and State Affairs
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Kessler:

SUBJECT: Fiscal Note for HB 2376 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2376 is respectfully submitted to your committee.

HB 2376 would amend the Kansas Liquor Control Act by defining the term licensee as a person who is issued any valid license under the Kansas Liquor Control Act, the Kansas Club and Drinking Establishment Act, or the Kansas Cereal Malt Beverage Act. The bill would also add on-premise cereal malt beverage retailer's license and off-premise cereal malt beverage retailer's license to the classes of licenses issued by the Director of Alcoholic Beverage Control of the Department of Revenue.

The bill would amend the Cereal Malt Beverage Act by transferring the licensing of off-premise and on-premise cereal malt beverage retailers from the Board of County Commissioners to the Director of Alcoholic Beverage Control and increase the fee from \$25 to \$50. A railway cereal malt beverage retailer's license would be \$100. The bill would allow the Board of County Commissioners or the governing body of a city to require an off-premise and an on-premise cereal malt beverage retailer to obtain a local license in addition to the state license. The fee for a local license would increase from no more than \$50 to no more than \$200. The bill would update relevant statutes clarifying the Director's authority to issue cereal malt beverage licenses. The bill would remove the requirement that a stamp be affixed to a retailer's license. The bill would also make the right of immediate entry and inspection of premises by an agent of the Director or a law enforcement officer a condition upon which a license is issued. The consent to the right of immediate entry and inspection would not be revocable.

Under current law, any appeal of the revocation or suspension of a liquor license is handled in district court. HB 2376 would require these proceedings to be conducted by the Director in accordance with the Kansas Administrative Procedure Act. The bill would allow cities or counties to request the Director to hold a hearing on whether a license issued should be revoked or suspended.

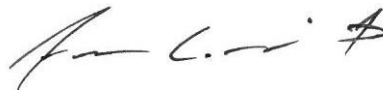
Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	--	\$497,688
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	--	\$497,688
Revenues			
State General Fund	--	\$80,250	\$80,250
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	\$80,250	\$80,250
FTE Positions	--	--	4.00

The Department of Revenue estimates its cereal malt beverage licensing revenues would increase by \$80,250 (3,210 licenses X \$25 fee increase) starting in FY 2026. The agency issued 3,210 \$25 stamps in FY 2024 and uses this number for its FY 2026 calculations. The agency estimates it would require \$497,688 from the State General Fund for 1.00 Attorney position, 1.00 Legal Assistant position, and 2.00 Enforcement Agent positions beginning in FY 2027. The agency further explains that it would need to add the new license types to its current licensing system and that forms and handbooks would need to be revised. Although there would be an increase in data entry and review in processing cereal malt beverage licenses, there would also be a reduction in the workload since the agency would no longer be issuing and tracking cereal malt beverage stamps.

The Office of Judicial Administration and the Office of Administrative Hearings state the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with HB 2376 is not reflected in *The FY 2026 Governor's Budget Report*.

The Kansas Association of Counties states enactment of the bill could lower the workload of the counties since the bill is shifting responsibilities from the counties to the state. The Association is unable to estimate a precise fiscal effect of the bill. According to the League of Kansas Municipalities, enactment of HB 2376 could reduce staff time used for cereal malt beverage licensing; however, the League is unable to estimate a precise fiscal effect.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities