

SESSION OF 2025

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2376**

As Amended by House Committee on Federal  
and State Affairs

**Brief\***

HB 2376, as amended, would create state-level cereal malt beverage (CMB) retailer licenses and make conforming amendments in the Kansas Liquor Control Act (KLCA), the Cereal Malt Beverage Act (CMBA), and the Club and Drinking Establishment Act (CDEA).

Under continuing law, the Director of Alcoholic Beverage Control (ABC Director) has the authority to regulate and enforce state laws and regulations against CMB retailers, who may sell CMB and beer up to 6.0 percent alcohol by volume for either on-premise or off-premise consumption, or both. Under current law, CMB retailer licenses are issued by local units of government rather than by the ABC Director.

***CMB License***

The bill would add references to CMB retailers within state alcoholic beverage licensure provisions, replace references to a CMB stamp with references to a CMB license, and authorize the ABC Director to issue off-premise CMB retailer licenses and on-premise CMB retailer licenses. [Note: Under current law, CMB retailers are authorized to sell CMB for consumption either on- or off-premises under a single license issued by local units of government. A stamp issued by the ABC Director must be affixed to the license.]

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\*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 <https://klrd.gov/>

#### *Off-premise CMB License (Section 5)*

A definition added by the bill would authorize the holder of an off-premise CMB license could sell CMB or beer containing up to 6.0 percent alcohol by volume for consumption off and away from the premises specified in the license.

#### *On-premise CMB License (Section 5)*

A definition added by the bill would authorize the holder of an on-premise CMB license could sell CMB or beer containing up to 6.0 percent alcohol by volume for consumption on the premises specified in the license. The retailer could not offer CMB for resale in any form.

#### *Special Event Permit (Section 7)*

Current law requires a board of county commissioners or a governing body of a city to pass a resolution or ordinance to issue a special event retailer permit that would allow sale and consumption of CMB on unpermitted premises open to the public. The bill would require that such ordinance or resolution request the ABC Director to issue a CMB special event permit.

#### *CMB License—Application and Fees (Sections 6 and 7)*

In conformance with other provisions of the bill, the CMBA would be amended to require all applications for CMB licenses, including licenses to sell CMB in a railway car, to be made to the ABC Director. These licenses would be valid for one year, beginning on the effective date of the license.

**Notice.** The bill would replace references to the board of county commissioners in provisions regarding notice of a CMB license application submission to instead require the ABC Director to provide notice of an application for a CMB

license to county township officials, consider any township recommendations, and issue renewals.

**Form.** Under current law, CMB license applicants utilize a form prepared by the Attorney General. The bill would require the ABC Director to develop an application form and would remove a requirement that the applicant state the length of time the applicant has resided within Kansas. [Note: Residency requirements were removed from the licensing requirements of other alcoholic liquor licenses by 2021 HB 2137.]

**Fee.** An applicant for a CMB retailer license would be required to pay a fee of:

- \$50 for either an off-premise or on-premise CMB retailer license; or
- \$100 for a railway CMB retailer license.

**Local license.** The bill would authorize a board of county commissioners or the governing body of a city to require a local license in addition to the state CMB retailer license. Under current law, local units of government may charge a fee between \$25 and \$50 for a CMB retailer license. The bill would raise the upper limit for the license fee to \$200.

#### *CMB License Terms (Sections 8 and 12)*

The bill would establish various CMB license terms and conditions and a review procedure for suspension or revocation of a CMB license.

**Immediate entry and inspection.** The bill would add a conforming amendment to the CMBA to specify a right of immediate entry and inspection of licensed premises by ABC agents and other law enforcement officers for off-premise and on-premise CMB retailers. [Note: This language is similar to a licensing condition for other alcoholic beverage licensees found in continuing law.]

**Fines.** The bill would allow the ABC Director or their agent to issue a citation for violations of the KLCA and CDEA, in addition to violations of the CMBA allowed under continuing law, and the bill would add the CDEA to civil fine provisions.

**Suspension or revocation.** All proceedings for suspension or revocation of a license would be subject to the Kansas Administrative Procedure Act (KAPA), and no license could be suspended or revoked except after an opportunity for a hearing before the ABC Director.

**Hearing request.** At any time, the governing body of a city or county could request the ABC Director to hold a hearing, subject to KAPA, on whether any CMB license issued under the bill should be revoked or suspended. The bill would require such a request to include a statement of reasonable cause, based on factors found in rules and regulations. The bill would authorize the ABC Director to refuse to hold a hearing absent reasonable cause.

**Hearing procedure.** A governing body of a city or county would have the right to appear at a hearing before the ABC Director to offer testimony and evidence and make recommendations regarding whether the CMB license should be granted, renewed, revoked, or suspended. The ABC Director would be required to consider the testimony, evidence, and recommendations of the city or county governing body. Furthermore, the ABC Director could refuse to grant a CMB license or renewal based on the evidence gathered at the hearing, in the interest of protecting public welfare and in accordance with ABC rules and regulations.

***Definitions (Sections 1, 4, and 5)***

The bill would add a definition of the term “licensee” to the KLCA, CDEA, and the CMBA which would include holders of a valid license under each of the Acts.

The definition of licensee created within the CDEA would also specify that the term includes the holder of a temporary permit.

### ***Authority of the ABC Director (Throughout)***

Various amendments would be made throughout the bill to direct the ABC Director to carry out the duties of regulating CMB licenses, including issuance, enforcement of license terms, and revocation of licenses.

### ***Technical Amendments***

Various technical amendments would be made by the bill to incorporate its provisions.

### **Background**

The bill was introduced by the House Committee on Federal and State Affairs at the request of a representative of the Department of Revenue.

### ***House Committee on Federal and State Affairs***

In the House Committee hearing, **proponent** testimony was provided by the ABC Director and a representative of the League of Kansas Municipalities (LKM). The ABC Director stated that nearly all CMB retailers sell beer up to 6.0 percent alcohol by volume due to 2017 legislative changes. However, due to CMB licensing being conducted at the local level, the ABC is unable to consistently monitor licensees for enforcement, and the Director stated the bill is necessary to centralize licensure and standardize the availability of licensee information. The LKM conferee stated the organization is in favor of the bill because local control is preserved by allowing local units of government to separately issue an occupational license for CMB licensees, which allows for local regulation of these businesses.

Written-only proponent testimony was provided by a representative of the Kansas Association of Counties.

Neutral testimony was provided by a representative of the Kansas Association of Beverage Retailers. The conferee stated the Association is neutral on the underlying bill, as its members consist of traditional liquor stores. However, the Association conferee stated it is concerned about the potential for amendments to the underlying bill that could affect its members.

No other testimony was provided.

The House Committee adopted a technical amendment to the bill to correct a reference to the CMBA.

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates its CMB licensing revenues would increase by \$80,250 in FY 2026 (3,210 licenses multiplied by

a \$25 license fee increase). 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 CMB licenses, there would also be a reduction in the workload since the agency would no longer be issuing and tracking CMB 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 enactment of the bill 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 LKM, enactment of the bill could reduce staff time used for CMB licensing; however, the LKM is unable to estimate a precise fiscal effect.

Cereal malt beverage; license; Kansas Liquor Control Act; Kansas Club and Drinking Establishment Act; Kansas Liquor Control Act; Kansas Cereal Malt Beverage Act; Alcoholic Beverage Control