Session of 2020

## SENATE BILL No. 432

By Committee on Federal and State Affairs

2-13

AN ACT concerning alcoholic liquor; relating to wineries; special order shipping licenses; license terms; submission requirements, as required by the secretary of revenue {relating to cereal malt beverages}; amending K.S.A. 2019 Supp. 41-350{, 41-712, 41-2703, 41-2704 and 41-2911} and repealing the existing section {sections}.

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Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2019 Supp. 41-350 is hereby amended to read as follows: 41-350. (a) For the purposes of this act, the term "winery" means any maker or producer of wine whether in this state or in any other state, who holds a valid federal basic wine manufacturing permit. The terms "director" and "secretary" have the meaning ascribed to these terms in K.S.A. 41-102, and amendments thereto.

- (b) Any winery may be authorized to make direct shipments of wine to consumers in this state upon obtaining a special order shipping license from the secretary pursuant to this act.
- (1) A special order shipping license shall only be issued to a winery upon compliance with all applicable provisions of this act and the regulations promulgated pursuant to this act, and upon payment of a license fee in the amount of \$100. The license term for a special order shipping license shall commence on the date the license is issued by the director specified on the license and shall end two years after that date.
- (2) A special order shipping license shall entitle the winery to ship wine upon order directly to consumers for personal or household use in this state. The purchaser shall pay the purchase price and all shipping costs directly to the permit holder. Enforcement taxes collected herein shall be paid solely on the purchase price and not on the shipping costs.
- (c) No holder of a special order shipping license shall be permitted to ship in excess of 12 standard cases of wine of one brand or a combination of brands into this state to any one consumer or address per calendar year.
- (d) (1) Before accepting an order from a consumer in this state, the holder of a special order shipping license shall require that the person placing the order to state affirmatively that he or she is 21 years of age or older and shall verify the age of such person placing the order either by the physical examination of an approved government issued form of identification or by utilizing an internet based age and identification

service approved by the director of alcoholic beverage control, or the director's designee.

- (2) Every shipment of wine by the holder of a special order shipping license shall be clearly marked 'Alcoholic Beverages, Adult Signature Required' and the carrier delivering such shipment shall be responsible for obtaining the signature of an adult who is at least 21 years of age as a condition of delivery.
- (e) A special order shipping license shall not authorize the shipment of any wine to any premises licensed to sell alcoholic beverages pursuant to this act or the club and drinking establishment act.
- (f) The failure to comply strictly with the requirements of this act and rules and regulations promulgated pursuant to this act shall be grounds for the revocation of a special order shipping license or other disciplinary action by the director. After notice and an opportunity for hearing in accordance with the provisions of the Kansas administrative procedure act, the director may refuse to issue or renew or may revoke a shipping permit upon a finding that the permit holder has failed to comply with any provision of this section or K.S.A. 41-501 et seq., and amendments thereto, or any rules and regulations adopted pursuant to such statutes. Upon revocation of a special order shipping license for shipment of wine to a person not of legal age as required herein such winery shall not be issued any special order shipping license pursuant to this act for a period of one year from the date of revocation.
- (g) The holder of a special order shipping license shall collect all gallonage taxes imposed by K.S.A. 41-501 et seq., and amendments thereto, shall on a quarterly basis electronically remit such taxes-annually in a manner prescribed by the secretary and shall accompany such remittance with-such any reports, documentation-and or other information as may be required by the secretary. In addition, an applicant for and a holder of a special order shipping license, as a condition of receiving and holding a valid license, shall:
- (1) Collect and pay the applicable Kansas enforcement tax on each sale shipped to a consumer in Kansas imposed by K.S.A. 79-4101 et seq., and amendments thereto;
- (2) accompany each remittance with such sales tax reports, documentation and other information as may be required by the director of taxation; and
- (3) if the holder of the license is an out-of-state shipper, the licensee shall be deemed to have appointed the secretary of state as the resident agent and representative of the licensee to accept service of process from the secretary of revenue, the director and the courts of this state concerning enforcement of this section, K.S.A. 41-501 et seq., and amendments thereto, and any related laws and rules and regulations and to accept

 service of any notice or order provided for in the liquor control act.

- (h) The secretary of revenue may adopt rules and regulations to implement, administer and enforce the provisions of this section.
- (i) This section shall be a part of and supplemental to the Kansas liquor control act.
- {Sec. 2. K.S.A. 2019 Supp. 41-712 is hereby amended to read as follows: 41-712. (a) Within any city where the days of sale at retail of alcoholic liquor in the original package have not been expanded as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, or have been so expanded and subsequently restricted as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, and within any township where the days of sale at retail of alcoholic liquor in the original package have not been expanded as provided by K.S.A. 2019 Supp 41-2911, and amendments thereto, or have been so expanded and subsequently restricted as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, no person shall sell at retail any alcoholic liquor in the original package: (1) On Sunday; (2) on Memorial Day, Independence Day, Labor Day, Thanksgiving Day or Christmas Day; or (3) before 9 a.m. or after 11 p.m. on any day when the sale is permitted. The governing body of any city by ordinance may require the closing of premises prior to 11 p.m., but such ordinance shall not require closing prior to 8 p.m.
  - (b) Within any city where the days of sale at retail of alcoholic liquor in the original package have been expanded as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, and have not been subsequently restricted as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, and within any township where the days of sale at retail of alcoholic liquor in the original package have been expanded as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, and have not been subsequently restricted as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, no person shall sell at retail alcoholic liquor in the original package: (1) On Sunday-before 12 noon or after not earlier than 10 a.m. and not later than 8 p.m.; (2) on Easter Sunday, Thanksgiving Day or Christmas Day; or (3) before 9 a.m. or after 11 p.m. on any day when the sale is permitted. The governing body of any city by ordinance may require the closing of premises prior to 11 p.m., but such ordinance shall not require closing prior to 8 p.m.
  - Sec. 3. K.S.A. 2019 Supp. 41-2703 is hereby amended to read as follows: 41-2703. (a) After examination of an application for a retailer's license, the board of county commissioners or the director shall, if they approve the same, issue a license to the applicant. The governing body of the city shall, if the applicant is qualified as provided by law, issue a license to such applicant.
    - (b) No retailer's license shall be issued to:

- (1) A person who is not a resident of the county in which the place of business covered by the license is located, has not been a resident of such county for at least six months or has not been a resident in good faith of the state of Kansas.
- (2) A person who has not been a resident of this state for at least one year immediately preceding application for a retailer's license.
- (3) A person who is not of good character and reputation in the community in which the person resides.
  - (4) A person who is not a citizen of the United States.
- (5) A person who, within two years immediately preceding the date of application approval, has been convicted of, released from incarceration for or released from probation or parole for a felony or any crime involving moral turpitude, drunkenness, driving a motor vehicle while under the influence of intoxicating liquor or violation of any other intoxicating liquor law of any state or of the United States.
- (6) A partnership, unless all the members of the partnership are otherwise qualified to obtain a license.
- (7) A corporation, if any manager, officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of such corporation, would be ineligible to receive a license hereunder for any reason other than the citizenship and residency requirements.
- (8) A person whose place of business is conducted by a manager or agent unless the manager or agent possesses all the qualifications of a licensee.
- (9) A person whose spouse would be ineligible to receive a retailer's license for any reason other than citizenship, residence requirements or age, except that this subsection (b)(9) shall not apply in determining eligibility for a renewal license.
- (10) A person 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.
- (c) After examination of an application for a retailer's license, the board of county commissioners or the governing body of a city may deny a license to a person, partnership or corporation if any manager, officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of such corporation, has been an officer, manager, director or a stockholder owning in the aggregate more than 25% of the stock, of a corporation which has:
- (1) Had a retailer's license revoked under K.S.A. 41-2708, and amendments thereto; or
- (2) been convicted of a violation of the club and drinking establishment act or the cereal malt beverage laws of this state.

- (d) If an applicant has been issued a producer's license pursuant to K.S.A. 41-355, and amendments thereto, an application for a retailers' license shall be approved by the board of county commissioners or the director, subject to the requirements of subsections (b) and (c).
- (e) Retailers' licenses shall be issued either on an annual basis or for the calendar year. If such licenses are issued on an annual basis, the board of county commissioners or the governing body of the city shall notify the distributors supplying the county or city on or before April 1 of the year if a retailer's license is not renewed.
- (c)(f) In addition to, and consistent with the requirements of K.S.A. 41-2701 et seq., and amendments thereto, the board of county commissioners of any county or the governing body of any city may provide by resolution or ordinance for the issuance of a special event retailers' permit which shall allow the permit holder to offer for sale, sell and serve cereal malt beverage for consumption on unpermitted premises, which may be open to the public, subject to the following:
- (1) A special event retailers' permit shall specify the premises for which the permit is issued;
- (2) a special event retailers' permit shall be issued for the duration of the special event, the dates and hours of which shall be specified in the permit;
- (3) no more than four special event retailers' permits may be issued to any one applicant in a calendar year; and
- (4) a special event retailers' permit shall not be transferable or assignable.
- (f)(g) A special event retailers' permit holder shall not be subject to the provisions of the beer and cereal malt beverage keg registration act, K.S.A. 41-2901 et seq., and amendments thereto.
- Sec. 4. K.S.A. 2019 Supp. 41-2704 is hereby amended to read as follows: 41-2704. (a) In addition to and consistent with the requirements of the Kansas cereal malt beverage act, the board of county commissioners of any county or the governing body of any city may prescribe hours of closing, standards of conduct and rules and regulations concerning the moral, sanitary and health conditions of places licensed pursuant to this act and may establish zones within which no such place may be located.
- (b) Within any city where the days of sale at retail of cereal malt beverage in the original package have not been expanded as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, or have been so expanded and subsequently restricted as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, and within any township where the hours and days of sale at retail of cereal malt beverage in the original package have not been expanded as provided by K.S.A. 2019 Supp. 41-

2911, and amendments thereto, or have been so expanded and subsequently restricted as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, no cereal malt beverages or beer containing not more than 6% alcohol by volume may be sold:

- (1) Between the hours of 12 midnight and 6 a.m.; or
- (2) on Sunday, except in a place of business which is licensed to sell cereal malt beverage for consumption on the premises, which derives not less than 30% of its gross receipts from the sale of food for consumption on the licensed premises and which is located in a county where such sales on Sunday have been authorized by resolution of the board of county commissioners of the county or in a city where such sales on Sunday have been authorized by ordinance of the governing body of the city.
- (c) Within any city where the days of sale at retail of cereal malt beverage in the original package have been expanded as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, and have not been subsequently restricted as provided in K.S.A. 2019 Supp. 41-2911, and amendments thereto, and within any township where the days of sale at retail of cereal malt beverage in the original package have been expanded as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, and have not been subsequently restricted as provided by K.S.A. 2019 Supp. 41-2911, and amendments thereto, no person shall sell at retail cereal malt beverage or beer containing not more than 6% alcohol by volume:
  - (1) Between the hours of 12 midnight and 6 a.m.;
- (2) in the original package before 12 noon or after not earlier than 10 a.m. and not later than 8 p.m. on Sunday;
  - (3) on Easter Sunday; or
- (4) for consumption on the licensed premises on Sunday, except in a place of business which is licensed to sell cereal malt beverage for consumption on the premises, which derives not less than 30% of its gross receipts from the sale of food for consumption on the licensed premises and which is located in a county where such sales on Sunday have been authorized by resolution of the board of county commissioners of the county or in a city where such sales on Sunday have been authorized by ordinance of the governing body of the city.
- (d) No private rooms or closed booths shall be operated in a place of business, but this provision shall not apply if the licensed premises also are licensed as a club pursuant to the club and drinking establishment act.
- (e) Each place of business shall be open to the public and to law enforcement officers at all times during business hours, except that a premises licensed as a club pursuant to the club and drinking establishment act shall be open to law enforcement officers and not to

the public.

- (f) Except as otherwise provided by this subsection, no licensee shall permit a person under the legal age for consumption of cereal malt beverage or beer containing not more than 6% alcohol by volume to consume or purchase any cereal malt beverage in or about a place of business. A licensee's employee who is not less than 18 years of age may dispense or sell cereal malt beverage or beer containing not more than 6% alcohol by volume, if:
- (1) The licensee's place of business is licensed only to sell at retail cereal malt beverage or beer containing not more than 6% alcohol by volume in the original package and not for consumption on the premises; or
- (2) the licensee's place of business is a licensed food service establishment, as defined by K.S.A. 36-501, and amendments thereto, and not less than 50% of the gross receipts from the licensee's place of business is derived from the sale of food for consumption on the premises of the licensed place of business.
- (g) No person shall have any alcoholic liquor, except beer containing not more than 6% alcohol by volume, in such person's possession while in a place of business, unless the premises are currently licensed as a club or drinking establishment pursuant to the club and drinking establishment act.
- (h) Cereal malt beverages may be sold on premises which are licensed pursuant to both the Kansas cereal malt beverage act and the club and drinking establishment act at any time when alcoholic liquor is allowed by law to be served on the premises.
- Sec. 5. K.S.A. 2019 Supp. 41-2911 is hereby amended to read as follows: 41-2911. (a) (1) The board of county commissioners of any county may, by resolution:
- (A) Expand the days of sale at retail of cereal malt beverage in the original package to allow such sale within the unincorporated area of the county on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the resolution and expand the days of sale at retail of alcoholic liquor in the original package, if licensing of such sale of alcoholic liquor is authorized within the unincorporated area of the county, to allow such sale within the unincorporated area of the county on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the resolution; or
- (B) restrict the days of sale at retail of cereal malt beverage in the original package to prohibit such sale within the unincorporated area of the county on Sunday and restrict the days of sale at retail of alcoholic

liquor in the original package, if licensing of such sale of alcoholic liquor is authorized within the unincorporated area of the county, to prohibit such sale within the unincorporated area of the county on Sunday, Memorial Day, Independence Day and Labor Day.

Such resolution shall be published once, within two weeks after its adoption, in the official county newspaper. Such resolution shall not become effective earlier than 60 days following the date of its publication or November 15, 2005, whichever is later. If, within 60 days following publication of the resolution, a petition requesting that a proposition be submitted for approval by the voters is filed in accordance with subsection (a)(2), such resolution shall not become effective until a proposition is submitted to and approved at an election as provided by this subsection (a).

- (2) A petition to submit a proposition to the qualified voters of a county pursuant to this subsection (a) shall be filed with the county election officer. The petition shall be signed by qualified voters of the county who reside within the unincorporated area of the county equal in number to not less than 5% of the voters of the county residing within the unincorporated area of the county who voted for the office of president of the United States at the last preceding general election at which such office was elected. The appropriate version of the following shall appear on the petition:
- (A) If licensing of sale at retail of alcoholic liquor in the original package is not authorized within the unincorporated area of the county, the petition shall read: "We request an election to determine whether sale at retail of cereal malt beverage in the original package shall be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) within the unincorporated area of county."
- (B) If licensing of sale at retail of alcoholic liquor is authorized within the unincorporated area of the county, the petition shall read: "We request an election to determine whether sale at retail of cereal malt beverage in the original package shall be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) within the unincorporated area of \_\_\_\_\_\_ county and whether sale at retail of alcoholic liquor in the original package shall be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the petition) (prohibited on Sunday, Memorial Day, Independence Day and Labor Day) within the unincorporated area of \_\_\_\_\_\_ county."

- (3) Upon submission of a valid petition calling for an election pursuant to this subsection (a), the county commission shall call a special election to be held not later than 45 days after submission of the petition unless a countywide primary or general election is to be held within 90 days after submission of the petition, in which case the proposition shall be submitted at such countywide election. Thereupon, the county election officer shall cause the appropriate version of the following proposition to be placed on the ballot in the unincorporated area of the county at such election:
- (A) If licensing of sale at retail of alcoholic liquor is not authorized within the unincorporated area of the county, the following proposition shall be placed on the ballot: "Within the unincorporated area of county shall sale at retail of cereal malt beverage in the original package be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday)?"
- (B) If licensing of sale at retail of alcoholic liquor is authorized within the unincorporated area of the county, the following proposition shall be placed on the ballot: "Within the unincorporated area of county shall sale at retail of cereal malt beverage in the original package be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) and shall the sale at retail of alcoholic liquor in the original package be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the petition) (prohibited on Sunday, Memorial Day, Independence Day and Labor Day)?"
  - (b) (1) The governing body of any city may, by ordinance:
- (A) Expand the days of sale at retail of cereal malt beverage in the original package to allow such sale within the city on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the ordinance and expand the days of sale at retail of alcoholic liquor in the original package, if licensing of such sale of alcoholic liquor is authorized within the city, to allow such sale within the city on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the ordinance; or
- (B) restrict the days of sale at retail of cereal malt beverage in the original package to prohibit such sale within the city on Sunday and restrict the days of sale at retail of alcoholic liquor in the original package, if licensing of such sale of alcoholic liquor is authorized within

 the city, to prohibit such sale within the city on Sunday, Memorial Day, Independence Day and Labor Day.

Such ordinance shall be published at least once each week for two consecutive weeks in the official city newspaper. Such ordinance shall not become effective earlier than 60 days following the date of its publication-or November 15, 2005, whichever is later. If, within 60 days following publication of the ordinance, a petition requesting that a proposition be submitted for approval by the voters is filed in accordance with subsection (b)(2), such ordinance shall not become effective until a proposition is submitted to and approved at an election as provided by this subsection (b).

- (2) A petition to submit a proposition to the qualified voters of a city pursuant to this subsection (b) shall be filed with the county election officer. The petition shall be signed by qualified voters of the city equal in number to not less than 5% of the voters of the city who voted for the office of president of the United States at the last preceding general election at which such office was elected. The appropriate version of the following shall appear on the petition:
- (A) If licensing of sale at retail of alcoholic liquor in the original package is not authorized within the city, the petition shall read: "We request an election to determine whether sale at retail of cereal malt beverage in the original package shall be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) within the city of \_\_\_\_\_\_."
- (B) If licensing of sale at retail of alcoholic liquor is authorized within the city, the petition shall read: "We request an election to determine whether sale at retail of cereal malt beverage in the original package shall be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) within the city of and whether sale at retail of alcoholic liquor in the original package shall be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the petition) (prohibited on Sunday, Memorial Day, Independence Day and Labor Day) within the city of "
- (3) Upon submission of a valid petition calling for an election pursuant to this subsection (b), the city governing body shall call a special election to be held not later than 45 days after submission of the petition unless a citywide primary or general election is to be held within 90 days after submission of the petition, in which case the proposition shall be submitted at such citywide election. Thereupon, the county

 election officer shall cause the appropriate version of the following proposition to be placed on the ballot in the city at such election:

- (A) If licensing of sale at retail of alcoholic liquor is not authorized within the city, the following proposition shall be placed on the ballot: "Within the city of \_\_\_\_\_\_ shall sale at retail of cereal malt beverage in the original package be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday)?"
- (B) If licensing of sale at retail of alcoholic liquor is authorized within the city, the following proposition shall be placed on the ballot: "Within the city of \_\_\_\_\_ shall sale at retail of cereal malt beverage in the original package be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) and shall the sale at retail of alcoholic liquor in the original package be (allowed on any Sunday, except Easter, between the hours of 12 noon and not earlier than 10 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the petition) (prohibited on Sunday, Memorial Day, Independence Day and Labor Day)?"
- (c) The county election officer shall transmit to the director a copy of the results of an election pursuant to this section.
- (d) An election provided for by this section shall be called and held in the manner provided by the general bond law.
- (e) A new election shall not be required to comply with the Sunday time change option authorized by this section.}
- 26 Sec. <del>2.</del> {6.} K.S.A. 2019 Supp. 41-350 is {, 41-712, 41-2703, 41-2704 and 41-2911 are} hereby repealed.
  - Sec. 3. {7.} This act shall take effect and be in force from and after its publication in the statute book.