

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2223

As Amended by Senate Committee on Federal
and State Affairs

Brief*

HB 2223, as amended, would revise the Liquor Control Act to allow for producers of certain fermentative products to sell wine made at a farm winery. The farm wine would be required to meet the minimum Kansas content requirements. A vineyard permit would be renamed a producer license, which would be available to producers of grapes, with not less than 100 vines; ripe fruit, or berries, not less than 1,000 pounds; or honey, not less than 100 pounds. Each producer licensee would be required to secure a \$500 bond under the Liquor Control Act, and they would be liable for payment of liquor drink and liquor enforcement taxes. A producer license would be valid for two years, and it would cost \$200. The bill would require licensees to maintain records and sales receipts, which could be inspected by the Division of Alcohol Beverage Control (ABC) of the Department of Revenue, the Secretary of Revenue, or any law enforcement officer.

Under the bill, if a producer licensee is also licensed as a club or drinking establishment, the producer license would allow for the sale of domestic wine and other alcoholic liquor, as authorized by the Club and Drinking Establishment Act. If the producer licensee also has a cereal malt beverage license, the producer would be allowed to sell beer not exceeding 6.0 percent by volume, as authorized by the Kansas Cereal Malt Beverage Act. The bill would allow a producer licensee to prohibit a person from possessing alcoholic liquor or cereal malt beverage not purchased on the licensee's premises.

*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>

Background

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of Representative Corbet on behalf of a grower of fruits and berries.

At the House Committee hearing, a representative from the Kansas Viticulture and Farm Winery Association and several owners of orchards and apiaries spoke in favor of the bill, explaining the legislation would encourage agritourism.

The Director of ABC provided neutral testimony, suggesting several amendments. No opponent testimony was provided.

The House Committee amended the bill to:

- Change reference from producer permit to producer license, and increasing:
 - The period of license validity from one year to two years; and
 - The license fee from \$100 to \$200;
- Reconcile the bill with provisions of continuing law, including the payment of taxes; and
- Allow for producer licensees to prohibit the possession of certain alcoholic liquors and cereal malt beverages from their premises.

In the Senate Committee on Federal and State Affairs hearing, proponent testimony was provided by the Kansas Farm Winery & Viticulture Association and representatives of a berry farm and a representative of a vineyard permittee. Neutral testimony was provided by the Director of ABC. No other testimony was provided.

The Senate Committee adopted a technical amendment to the bill.

According to the fiscal note provided by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates enactment of the bill would increase revenues to all funds by \$10,000 and increase expenditures by \$7,750 in FY 2020. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.