

SESSION OF 2020

SUPPLEMENTAL NOTE ON SENATE BILL NO. 221

As Amended by Senate Committee of the Whole

Brief*

SB 221 would amend the Club and Drinking Establishment Act and law concerning the retail sales of alcoholic liquor as they relate to removable, sealable containers of beer and cereal malt beverage.

Club and Drinking Establishments

The bill would allow a patron to remove or one or more containers of beer, domestic beer, and cereal malt beverage (CMB) sold on the licensed premises and served in refillable and sealable containers for consumption off the licensed premises. The bill would require such containers to:

- Contain between 32 and 64 fluid ounces;
- Have a label affixed that clearly indicates the licensee's name and the type of alcoholic beverage contained in such container; and
- Not be sold or removed from the premises after 11:00 p.m.

The bill would specify all alcoholic liquor, CMB, and non-alcoholic malt beverage sold by a licensee under the Club and Drinking Establishment Act would be subject to the 10 percent tax on gross receipts from the sale of alcohol required under KSA 79-41a02.

*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>

Retail Sales

The bill would also allow a retail licensee to sell containers of beer, domestic beer, and CMB sold on the licensed premises and served in refillable and sealable containers for consumption off the licensed premises. Such containers would have to:

- Contain between 32 and 64 fluid ounces; and
- Have a label affixed that clearly indicates the licensee's name and the type of alcoholic beverage contained in such container.

Background

The bill was introduced by the Senate Committee on Federal and State Affairs at the request of a representative of the Kansas Restaurant and Hospitality Association.

The Senate Committee held hearings on the bill on March 20, 2019, and February 19, 2020.

At the March 20, 2019, hearing, representatives of the Kansas Association of Beverage Retailers, Kansas Beer Wholesalers Association, Kansas Craft Brewers Association and Kansas Viticulture and Farm Winery Association, Kansas Licensed Beverage Association, Kansas Restaurant and Hospitality Association, and Talk of the Town Restaurants appeared in support of the bill.

Neutral testimony was provided by the Director of Alcoholic Beverage Control (Director). No other testimony was provided.

At the February 19, 2020, hearing, representatives of Kansas Association of Beverage Retailers and the Kansas Restaurant and Hospitality Association appeared in support of the bill. Written-only proponent testimony was provided by

Kansas Licensed Beverage Association and by the Kansas Craft Brewers Association and Kansas Viticulture and Farm Winery Association.

Neutral testimony was provided by the Director. No other testimony was provided.

The Senate Committee on Federal and State Affairs amended the bill to include the retail sales provisions described above.

The Senate Committee of the Whole amended the bill to specify all alcoholic liquor, cereal malt beverage, and non-alcoholic malt beverage sold by licensees under the Club and Drinking Establishment Act would be subject to the 10 percent tax on gross receipts from the sale of alcohol.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the Department of Revenue indicates the bill would increase the sale of beer, domestic beer, and cereal malt beverages at clubs and drinking establishments. However, the Department is not able to estimate the fiscal effect on liquor taxes that would be deposited in the State General Fund starting in FY 2020. Any fiscal effect associated with the bill is not reflected in *The FY 2020 Governor's Budget Report*.