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Samuel M. Williams, Secretary  
Debbi Beavers, Director

Sam Brownback, Governor

## MEMORANDUM

**TO:** Senator Bud Estes, Chairman, Senate Federal and State Affairs Committee

**FROM:** Debbi Beavers, Director, Alcoholic Beverage Control Division

**DATE:** January 30, 2018

**SUBJECT:** Proponent Testimony – House Bill 2362

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Mr. Chairman and members of the committee. Thank you for the opportunity to testify in support of this bill.

In late 2014, ABC implemented a new state of the art computer system which provides an online portal for our customers to apply for a new liquor license, renew their existing liquor license and offers the ability to pay license fees or fines online using a credit/debit card or an electronic check. User acceptance has been remarkable. Currently 61% of all applications are received electronically. The system is also utilized internally for liquor licensing, enforcement and administrative prosecution.

The system's vendor recommends upgrading the platform every 18 months. The system has been operating 42 months without upgrading the platform putting it at risk. Because the risk is critical, the Department of Revenue has identified funds to get the system current this year. Work for this upgrade has not started to date. KDOR does not have funds allocated to keep the system current. Upgrades must be completed by the vendor at a cost of \$2,500 per month to keep current.

In addition to the platform upgrades, if the system were to malfunction and KDOR staff are unable to resolve the issue, ABC must agree to pay \$150 per hour for assistance from the vendor.

ABC proposed this bill requesting a \$20 modernization fee be applied to all applications for a liquor license (excluding permits) that would create a fund specifically for the replacement of work processes, maintenance and upgrading the hardware, software and related expenses to the system utilized for liquor licensing, enforcement and administrative prosecution.

In addition to the license fee, liquor license applicants currently pay an application fee in the amount of \$50 for a new application and existing licensees pay \$10 for a renewal application. This bill would reduce the new application fee to \$30 keeping the total fees due the same for a new applicant. Renewal application total fees would realize an increase of \$20.

Thank you, Mr. Chairman, for the opportunity to testify in support of this bill.