

## **Sale of Beer by CMB Licensees; Sale of CMB and Other Products by Liquor Stores; Market Impact Study; House Sub. for SB 13**

**House Sub. for SB 13** amends the Kansas Liquor Control Act and the Kansas Cereal Malt Beverage Act pertaining to the sale of cereal malt beverage (CMB), beer, and other goods and services.

Starting on April 1, 2019, persons such as convenience stores, grocery stores, and drug stores that are licensed to sell CMB—which is defined by law to mean any fermented but undistilled liquor brewed from malt, malt substitute, flavored malt beverage, or combination thereof, with an alcohol weight of 3.2 percent or less—may sell beer containing not more than 6.0 percent alcohol by volume. Persons licensed to sell CMB will not be allowed to sell beer at a price less than cost, unless permitted by the Director of Alcoholic Beverage Control (Director) when specific conditions are present, such as the discontinuance of an item or by court order.

Also starting on April 1, 2019, any person with a retailer's license to sell alcoholic liquor (beer, wine, and distilled spirits) may sell CMB. Liquor retailers may sell other goods or services, provided the amount of nonalcoholic sales—excluding the sales of lottery tickets, cigarettes, and other tobacco products—does not exceed 20.0 percent of the retailer's total gross sales. Liquor retailers continue to provide product for resale by bars, restaurants, clubs, and caterers. The bill repeals the prohibition placed on selling CMB next to alcoholic liquor.

In agreements between suppliers and distributors made prior to April 1, 2019, the terms "CMB" or "beer" have the meanings specified in law as of the effective date of the bill. Distributors may establish minimum quantities and dollar amounts for orders of CMB and alcoholic liquor.

The Director has oversight over the sale of beer by any person with a CMB license. The Director shall adopt rules and regulations by July 1, 2018, to administer the bill. Ten years after the bill's effective date of January 1, 2018, the Director shall conduct a market impact study on the sale of beer by persons holding CMB licenses. The study shall include changes to the number of CMB and alcohol liquor licenses issued, reasons for the changes, the effect the bill has had on state and local tax revenues, the impact on employment, and other factors the Director determines to be pertinent. The Director shall report the study findings to the Legislature during the 2029 Session.