

SESSION OF 2021

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2137

As Recommended by House Committee on
Federal and State Affairs

Brief*

HB 2137 would expand the categories of alcoholic liquor licensees who can sell cereal malt beverage (CMB), would allow temporary permit holders to sell CMB along with alcoholic liquor, and would allow CMB to be consumed in common consumption areas.

Sale and Delivery of CMB by Liquor Retail Licensees

Under current law, retail liquor store licensees may sell CMB along with alcoholic liquor, and CMB retailers are allowed to sell beer with an alcohol content of up to 6 percent alcohol by volume. Liquor retail licensees are also allowed to sell and deliver alcoholic liquor and CMB to a temporary permit holder for resale by such permit holder, and to sell and deliver alcoholic liquor to a caterer, licensed premises of a public venue, club, or drinking establishment, if such premises are either in the same county or in a county adjacent to that of the liquor retailer.

The bill would allow liquor retail licensees to sell, and deliver for resale, CMB and beer containing not more than 6 percent alcohol by volume to the licensed premises of a CMB retailer who is licensed for on-premises consumption, provided such premises are located either in the same county as the retailer or in an adjacent county.

*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>

The bill would also allow the retailer to charge a delivery fee for delivery of the CMB and beer containing not more than 6 percent alcohol by volume to a receiving CMB retailer.

Sales of CMB By the Drink

The bill would allow liquor-by-the-drink licensees (clubs, restaurants, bars, caterers, and public venues) to also sell CMB for consumption on the licensed premises pursuant to the same restrictions as for sales of liquor-by-the-drink.

Temporary Permits

Current law allows the Division of Alcoholic Beverage Control (ABC) of the Kansas Department of Revenue (KDOR) to issue temporary permits which allow the holder to sell alcoholic liquor at a location specified on the permit for a certain period of time. The bill would allow holders of temporary permits to sell CMB in addition to alcoholic liquor, subject to the same permit application requirements, limitations, and restrictions in continuing law.

Common Consumption Areas

Current law allows municipalities to establish common consumption areas in which alcoholic liquor may be consumed without being subject to enforcement of open container laws. The bill would allow the consumption of CMB within such common consumption areas.

Technical and Conforming Amendments

The bill would make technical amendments to ensure consistency in statutory phrasing and conforming changes to existing statutory sections.

Background

The bill was introduced by the House Committee on Federal and State Affairs at the request of Representative Carpenter.

House Committee on Federal and State Affairs

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Association of Beverage Retailers, the Kansas Beer Wholesalers Association, and the Kansas Wine & Spirits Wholesalers Association, stating the bill would allow the sale of CMB products at licensed club and drinking establishments that do not have a separate CMB license. Written-only **proponent** testimony was provided by the Kansas Restaurant and Hospitality Association.

Written-only neutral testimony was provided by the Director of the ABC. No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, KDOR indicates enactment of the bill would have no fiscal effect on CMB or liquor tax revenue. The bill would have no fiscal effect on the operations of KDOR, but there would be a small reduction in the number of on-premises CMB retailer licenses issued by a city or county that could have an impact on their budgets due to reduced license fee collections; however, the reduction in licensee fee revenue is estimated to be negligible.

Any fiscal effect associated with the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Alcoholic liquor, cereal malt beverage, common consumption area, liquor-by-the-drink licensee, retail liquor licensee