

SESSION OF 2021

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2417

As Recommended by House Committee on
Federal and State Affairs

Brief*

HB 2417 would amend the Club and Drinking Establishment Act and law concerning the retail sale of alcoholic liquor as it relates to removable, sealable containers of beer and cereal malt beverage (CMB).

Club and Drinking Establishments

The bill would allow patrons to remove one or more open containers of alcoholic liquor, beer, and CMB sold on licensed premises and served in refillable and sealable containers for consumption off the licensed premises. The bill would require 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.

All alcoholic liquor, cereal malt beverage, and nonalcoholic 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 be required 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 House Committee on Federal and State Affairs at the request of a representative of the Kansas Association of Beverage Retailers.

[*Note:* The provisions of HB 2417 are similar to the provisions of 2019 SB 221 as amended by the Senate Committee of the Whole.]

House Committee on Federal and State Affairs

In the House Committee Hearing on March 17, 2021, representatives of the Kansas Association of Beverage Retailers and the Kansas Restaurant and Hospitality Association testified as **proponents**, stating that the bill would allow drinking establishments to participate in a market for local beer products and allow consumers to buy Kansas microbrewery products.

The Kansas Department of Revenue provided neutral testimony, suggesting a technical amendment which would add a subsection stating the provisions which authorize

refilling containers not apply to liquor stores selling beer, domestic beer, and CMB.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of Budget on the bill, the Department of Revenue indicates the bill would increase administrative expenses by \$4,750 from special revenue funds for updating publications, providing notice to taxpayers and customers, printing, and postage for FY 2022.

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

Club and Drinking Establishment Act; growler; sale of refillable sealable containers