

Nick Jordan, Secretary  
Doug Jorgensen, Director

Sam Brownback, Governor

House Commerce and Economic Development Committee  
HB 2532

Testimony of  
Doug Jorgensen  
Director, Alcoholic Beverage Control

February 7, 2012

Good afternoon Mr. Chairman and members of the committee. I thank you for the opportunity to appear here today to present testimony on HB 2532.

The ABC is neutral on the passage of this bill. However, if the bill passes we request the following proposals for amendment and requests for clarification be addressed:

- (1) ABC will be unable to efficiently process an estimated 2,000 new license applications and issue all those new licenses within the 30-day period required by K.S.A. 41-319. Further, if we were able to issue all new class A and class B licenses in January of 2013, every two years we would experience an 1100% increase in the number of applications received in the month of December. Currently, ABC processes about 200 applications per month. Should this bill pass without some system in place to stagger the issuance of the new licenses over time, ABC would have to process approximately 2,200 applications in December of 2015, 2017, 2019, etc.

To remedy this situation, ABC proposes a lottery system for the initial issuance of all class A and class B retailer's licenses. Each application for a class A or class B retailer's license will be placed in a batch, and ABC will process a certain number of applications each month during 2013. The applications would be worked as they are randomly pulled from the batch. ABC has determined the only way we can be fair in the staggering of the licenses is to be completely arbitrary and draw applications at random.

We recognize that it would benefit both ABC and the chain stores to have all their licensees across the state on the same license cycle, so we would issue however many licenses the applicant has applied for when that application is pulled from the batch.

We request the committee amend the bill to waive the requirements of K.S.A. 41-319 for a one-year period, from January 1, 2013 to January 1, 2014, and amend the bill to establish a lottery system for the issuance of all the new class A and class B licenses.

~~(B)~~ (C) a corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 25% 5% of the stock of the corporation would be ineligible to receive a retailer's license for any reason specified in subsection (a) other than citizenship requirements.

(D) a corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 5% of the stock of such corporation, has been an officer, manager or director, or a stockholder owning in the aggregate more than 5% of the stock of a corporation which has had a license revoked under the provisions of the liquor control act; or

(E) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license.

~~(C)~~(F) to a person who is not engaged in business as a liquor store, a convenience store or a grocery store...

- (8) Section 16 established a bond fee for the different classes of retail licenses: \$500 for a class A license; \$1,000 for a class B license; and \$2,000 for a class C license. ABC sees no reason to establish different bond amounts for the different license classes and requests the bill be amended to require a \$2,000 bond for all retail license types. The bond is intended to cover unpaid fines or fees upon termination of the license. There is no reason to believe a class A or class B retail licensee would have any fewer unpaid fees or fines than a class C retailer.

Thank you for considering our requests.