

STATE OF KANSAS

SENATE CHAMBER

MR. PRESIDENT:

I move to amend **SB 299**, on page 15, following line 40, by inserting:

"Sec. 15. K.S.A. 79-4101 is hereby amended to read as follows: 79-4101. (a) For the purpose of providing revenue which may be used by the state, counties and cities in the enforcement of the provisions of this act, from and after the effective date of this act, for the privilege of engaging in the business of selling alcoholic liquor by retailers or farm wineries to consumers in this state or selling alcoholic liquor or cereal malt beverage by distributors to clubs, drinking establishments, public venues or caterers in this state, there is hereby levied and there shall be collected and paid a tax at the rate of 8% upon the gross receipts received from: (1) The sale of alcoholic liquor by retailers, microbreweries or farm wineries to consumers within this state; and (2) the sale of alcoholic liquor or cereal malt beverage by distributors to clubs, drinking establishments, public venues or caterers in this state.

(b) The tax imposed by this section shall be in addition to the license fee imposed on distributors, retailers, microbreweries and farm wineries by K.S.A. 41-310, and amendments thereto.

Sec. 16. K.S.A. 79-4102 is hereby amended to read as follows: 79-4102. The tax levied under K.S.A. 79-4101, and amendments thereto, shall be paid by the consumer or user to the retailer, microbrewery or farm winery or by the club, drinking establishment, public venue or caterer to the distributor. It shall be the duty of each retailer, microbrewery, farm winery or distributor in this state to collect from the purchaser the full amount of the tax imposed by this act, or an amount equal as nearly as possible or practicable, to the average equivalent thereof.

Sec. 17. K.S.A. 79-4103 is hereby amended to read as follows: 79-4103. On or before the 25th day of each calendar month, every person engaged in the business of selling alcoholic liquor at retail,

every microbrewery selling beer to consumers, every farm winery selling wine to consumers in this state and every distributor selling alcoholic liquor or cereal malt beverage to clubs, drinking establishments, public venues or caterers in this state during the preceding calendar month shall make a return to the director of taxation upon forms prescribed and furnished by the director, stating: (a) The name and address of the seller; (b) the total amount of gross sales subject to the tax imposed by K.S.A. 79-4101, and amendments thereto, during the preceding calendar month; and (c) any other pertinent information the director requires. The person making the return shall, at the time of making the return, pay to the director of taxation the amount of tax imposed by K.S.A. 79-4101, and amendments thereto. The director of taxation may extend the time for making returns and paying the tax for any period not to exceed 60 days, under rules and regulations adopted by the secretary of revenue.

Sec. 18. K.S.A. 79-41a01 is hereby amended to read as follows: 79-41a01. As used in K.S.A. 79-41a01 through 79-41a09, and amendments thereto:

(a) "Alcoholic liquor" means alcoholic liquor, as defined by K.S.A. 41-102, and amendments thereto, and cereal malt beverage, as defined by K.S.A. 41-2701, and amendments thereto.

(b) "Caterer," "club," "drinking establishment," "public venue" and "temporary permit" have the meanings provided by K.S.A. 41-2601, and amendments thereto.

(c) "Gross receipts derived from the sale of alcoholic liquor" means the amount charged the consumer for a drink containing alcoholic liquor, including any portion of that amount attributable to the cost of any ingredient mixed with or added to the alcoholic liquor contained in such drink.

Sec. 19. K.S.A. 79-41a02 is hereby amended to read as follows: 79-41a02. (a) There is hereby imposed, for the privilege of selling alcoholic liquor, a tax at the rate of 10% upon the gross receipts derived from the sale of alcoholic liquor by any club, caterer, drinking establishment, public venue or temporary permit holder.

(b) The tax imposed by this section shall be paid by the consumer to the club, caterer,

drinking establishment, public venue or temporary permit holder and it shall be the duty of each and every club, caterer, drinking establishment, public venue or temporary permit holder subject to this section to collect from the consumer the full amount of such tax, or an amount equal as nearly as possible or practicable to the average equivalent thereto. Each club, caterer, drinking establishment, public venue or temporary permit holder collecting the tax imposed hereunder shall be responsible for paying over the same to the state department of revenue in the manner prescribed by K.S.A. 79-41a03, and amendments thereto, and the state department of revenue shall administer and enforce the collection of such tax.

Sec. 20. K.S.A. 2011 Supp. 79-41a03 is hereby amended to read as follows: 79-41a03. (a) The tax levied and collected pursuant to K.S.A. 79-41a02, and amendments thereto, shall become due and payable by the club, caterer, drinking establishment, public venue or temporary permit holder monthly, or on or before the 25th day of the month immediately succeeding the month in which it is collected, but any club, caterer, drinking establishment, public venue or temporary permit holder filing an annual or quarterly return under the Kansas retailers' sales tax act, as prescribed in K.S.A. 79-3607, and amendments thereto, shall, upon such conditions as the secretary of revenue may prescribe, pay the tax required by this act on the same basis and at the same time the club, caterer, drinking establishment, public venue or temporary permit holder pays such retailers' sales tax. Each club, caterer, drinking establishment, public venue or temporary permit holder shall make a true report to the department of revenue, on a form prescribed by the secretary of revenue, providing such information as may be necessary to determine the amounts to which any such tax shall apply for all gross receipts derived from the sale of alcoholic liquor by the club, caterer, drinking establishment, public venue or temporary permit holder for the applicable month or months, which report shall be accompanied by the tax disclosed thereby. Records of gross receipts derived from the sale of alcoholic liquor shall be kept separate and apart from the records of other retail sales made by a club, caterer, drinking establishment,

public venue or temporary permit holder in order to facilitate the examination of books and records as provided herein.

(b) The secretary of revenue or the secretary's authorized representative shall have the right at all reasonable times during business hours to make such examination and inspection of the books and records of a club, caterer, drinking establishment, public venue or temporary permit holder as may be necessary to determine the accuracy of such reports required hereunder.

(c) The secretary of revenue is hereby authorized to administer and collect the tax imposed hereunder and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement of the collection thereof. Whenever any club, caterer, drinking establishment, public venue or temporary permit holder liable to pay the tax imposed hereunder refuses or neglects to pay the same, the amount, including any penalty, shall be collected in the manner prescribed for the collection of the retailers' sales tax by K.S.A. 79-3617, and amendments thereto.

(d) The secretary of revenue shall remit all revenue collected under the provisions of this act to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury. Subject to the maintenance requirements of the local alcoholic liquor refund fund created under K.S.A. 79-41a09, and amendments thereto, 25% of the remittance shall be credited to the state general fund, 5% shall be credited to the community alcoholism and intoxication programs fund created by K.S.A. 41-1126, and amendments thereto, and the balance shall be credited to the local alcoholic liquor fund created by K.S.A. 79-41a04, and amendments thereto.

(e) Whenever, in the judgment of the secretary of revenue, it is necessary, in order to secure the collection of any tax, penalties or interest due, or to become due, under the provisions of this act, the secretary may require any person subject to such tax to file a bond with the director of taxation under conditions established by and in such form and amount as prescribed by rules and regulations

adopted by the secretary.

(f) The amount of tax imposed by this act shall be assessed within three years after the return is filed, and no proceedings in court for the collection of such taxes shall be begun after the expiration of such period except in the cases of fraud. In the case of a false or fraudulent return with intent to evade tax, the tax may be assessed or a proceeding in court for collection of such tax may be begun at any time, within two years from the discovery of such fraud. No refund or credit shall be allowed by the director after three years from the date of payment of the tax as provided in this act unless before the expiration of such period a claim therefor is filed by the taxpayer, and no suit or action to recover on any claim for refund shall be commenced until after the expiration of six months from the date of filing a claim therefor with the director. Before the expiration of time prescribed in this section for the assessment of additional tax or the filing of a claim for refund, the director is hereby authorized to enter into an agreement in writing with the taxpayer consenting to the extension of the periods of limitations for the assessment of tax or for the filing of a claim for refund, at any time prior to the expiration of the periods of limitations. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

Sec. 21. K.S.A. 79-41a04 is hereby amended to read as follows: 79-41a04. (a) There is hereby created, in the state treasury, the local alcoholic liquor fund. Moneys credited to such fund pursuant to this act or any other law shall be expended only for the purpose and in the manner provided by this act.

(b) All moneys credited to the local alcoholic liquor fund shall be allocated to the several cities and counties of the state as follows:

(1) Each city that has a population of more than 6,000 shall receive 70% of the amount which is collected pursuant to this act from clubs, public venues or drinking establishments located in such city, from caterers whose principal places of business are so located or from temporary permit holders whose permitted events are so located and which is paid into the state treasury during the period for

which the allocation is made.

(2) Each city that has a population of 6,000 or less shall receive $46\frac{2}{3}\%$ of the amount which is collected pursuant to this act from clubs, public venues or drinking establishments located in such city, from caterers whose principal places of business are so located or from temporary permit holders whose permitted events are so located and which is paid into the state treasury during the period for which the allocation is made.

(3) Each county shall receive: (A) 70% of the amount which is collected pursuant to this act from clubs, public venues or drinking establishments located in such county and outside the corporate limits of any city, from caterers whose principal places of business are so located or from temporary permit holders whose permitted events are so located and which is paid into the state treasury during the period for which the allocation is made; and (B) $23\frac{1}{3}\%$ of the amount which is collected pursuant to this act from clubs, public venues or drinking establishments located in the county and within a city that has a population of 6,000 or less, from caterers whose principal places of business are so located or from temporary permit holders whose permitted events are so located and which is paid into the state treasury during the period for which the allocation is made.

(c) The state treasurer shall make distributions from the local alcoholic liquor fund in accordance with the allocation formula prescribed by subsection (b) on March 15, June 15, September 15 and December 15 of each year. The director of accounts and reports shall draw warrants on the state treasurer in favor of the several county treasurers and city treasurers on the dates and in the amounts determined under this section. Such distributions shall be paid directly to the several county treasurers and city treasurers.

(d) Except as otherwise provided by this subsection, each city treasurer of a city that has a population of more than 6,000, upon receipt of any moneys distributed under this section, shall deposit the full amount in the city treasury and shall credit $\frac{1}{3}$ of the deposit to the general fund of the city, $\frac{1}{3}$ to

a special parks and recreation fund in the city treasury and $\frac{1}{3}$ to a special alcohol and drug programs fund in the city treasury. Each city treasurer of a city that has a population of 6,000 or less, upon receipt of any moneys distributed under this section, shall deposit the full amount in the city treasury and shall credit $\frac{1}{2}$ of the deposit to the general fund of the city and $\frac{1}{2}$ to a special parks and recreation fund in the city treasury. Moneys in such special funds shall be under the direction and control of the governing body of the city. Moneys in the special parks and recreation fund may be expended only for the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities. One-half of the moneys distributed under this section to cities located in Butler county shall be deposited in a special community support program and parks and recreation fund in the city treasury. Moneys in the special community support program and parks and recreation fund may be expended only for: (1) The establishment and operation of a domestic violence program operated by a not-for-profit organization; or (2) the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities. Moneys in the special alcohol and drug programs fund shall be expended only for the purchase, establishment, maintenance or expansion of services or programs whose principal purpose is alcoholism and drug abuse prevention and education, alcohol and drug detoxification, intervention in alcohol and drug abuse or treatment of persons who are alcoholics or drug abusers or are in danger of becoming alcoholics or drug abusers.

(e) Except as otherwise provided by this subsection, each county treasurer, upon receipt of any moneys distributed under this section, shall deposit the full amount in the county treasury and shall credit to a special alcohol and drug programs fund in the county treasury 23 $\frac{1}{3}$ % of the amount which is collected pursuant to this act from clubs or drinking establishments located in the county and within a city that has a population of 6,000 or less, from caterers whose principal place of business is so located or from temporary permit holders whose permitted events are so located and which is paid into the state treasury during the period for which the allocation is made; of the remainder, the treasurer

shall credit $\frac{1}{3}$ to the general fund of the county, $\frac{1}{3}$ to a special parks and recreation fund in the county treasury and $\frac{1}{3}$ to the special alcohol and drug programs fund. Moneys in such special funds shall be under the direction and control of the board of county commissioners. Moneys in the special parks and recreation fund may be expended only for the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities. One-third of the moneys distributed under this section to Butler county shall be deposited in a special community support program and parks and recreation fund in the county treasury. Moneys in the special community support program and parks and recreation fund may be expended only for: (1) The establishment and operation of a domestic violence program operated by a not-for-profit organization; or (2) the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities. Moneys in the special alcohol and drug programs fund shall be expended only for the purchase, establishment, maintenance or expansion of services or programs whose principal purpose is alcoholism and drug abuse prevention and education, alcohol and drug detoxification, intervention in alcohol and drug abuse or treatment of persons who are alcoholics or drug abusers or are in danger of becoming alcoholics or drug abusers. In any county in which there has been organized an alcohol and drug advisory committee, the board of county commissioners shall request and obtain, prior to making any expenditures from the special alcohol and drug programs fund, the recommendations of the advisory committee concerning such expenditures. The board of county commissioners shall adopt the recommendations of the advisory committee concerning such expenditures unless the board, by unanimous vote of all commissioners, adopts a different plan for such expenditures.

(f) Each year, the county treasurer shall estimate the amount of money the county and each city in the county will receive from the local alcoholic liquor fund and from distributions pursuant to K.S.A. 79-41a05, and amendments thereto. The state treasurer shall advise each county treasurer, prior to June 1 of each year of the amount in the local alcoholic liquor fund that the state treasurer estimates,

using the most recent available information, will be allocated to such county in the following year. The county treasurer shall, before June 15 of each year, notify the treasurer of each city of the estimated amount in dollars of the distribution to be made from the local alcoholic liquor fund and pursuant to K.S.A. 79-41a05, and amendments thereto.

Sec. 22. K.S.A. 79-41a06 is hereby amended to read as follows: 79-41a06. No club, drinking establishment, caterer, public venue or temporary permit holder shall sell any alcoholic liquor without a registration certificate from the secretary of revenue. Application for such certificate shall be made to the secretary upon forms provided by the secretary and shall contain such information as the secretary deems necessary for the purposes of administering the provisions of this act. The registration certificate shall be conspicuously displayed in the licensed premises or permitted for which it is issued.

Upon violation of any of the provisions of K.S.A. 79-41a01 *et seq.*, and amendments thereto, or any of the terms of this act, and upon due notice and opportunity for hearing in accordance with the provisions of the Kansas administrative procedure act, the secretary may revoke such registration certificate.

Sec. 23. K.S.A. 79-41a07 is hereby amended to read as follows: 79-41a07. (a) The director of taxation or the director of alcoholic beverage control may enjoin any person from engaging in business as a club, drinking establishment, caterer, public venue or temporary permit holder when the club, drinking establishment, caterer, public venue or temporary permit holder is in violation of any of the provisions of K.S.A. 79-41a01 *et seq.*, and amendments thereto, or any of the terms of this act and shall be entitled in any proceeding brought for that purpose to have an order restraining the person from engaging in business as a club, drinking establishment, caterer, public venue or temporary permit holder. No bond shall be required for any such restraining order or for any temporary or permanent injunction issued in that proceeding.

(b) If a club, drinking establishment, public venue or caterer licensed by the director of

alcoholic beverage control or a temporary permit holder violates any of the provisions of K.S.A. 79-41a01 et seq., and amendments thereto, or any of the terms of this act, the director of alcoholic beverage control may suspend or revoke the license of such club, drinking establishment, public venue or caterer in accordance with K.S.A. 41-2609, and amendments thereto, or may impose a civil fine on the licensee or permit holder in the manner provided by K.S.A. 41-2633a, and amendments thereto.

Sec. 24. K.S.A. 79-41a08 is hereby amended to read as follows: 79-41a08. The tax imposed by this act shall be a lien upon the business and any property of the club, drinking establishment, caterer, public venue or permit holder which may be sold. The person acquiring such business or property shall withhold a sufficient amount of the purchase price thereof to cover the amount of any taxes due and unpaid by the seller, until the seller shall furnish the purchaser with a receipt from the secretary of revenue, as herein provided, showing that such taxes have been paid. The purchaser shall be personally liable for the payment of any unpaid taxes of the seller, to the extent of the value of the business or property received by the purchaser, and if a receipt is not furnished by such seller within 20 days from the date of sale of such business or property, the purchaser shall remit the amount of such unpaid taxes to the secretary on or before the 20th day of the month succeeding that in which such purchaser acquired such business or property.";

And by renumbering sections accordingly;

Also on page 15, in line 42, after "41-2614" by striking the first "and" and inserting a comma; also in line 42, after "41-2640" by inserting ", 79-4101, 79-4102, 79-4103, 79-41a01, 79-41a02, 79-41a04, 79-41a06, 79-41a07 and 79-41a08"; in line 43, by striking "and" and inserting a comma; also in line 43, after "41-2629" by inserting "and 79-41a03";

On page 1, in the title, in line 4, by striking the first "and" and inserting a comma; also in line 4, after "41-2640" by inserting ", 79-4101, 79-4102, 79-4103, 79-41a01, 79-41a02, 79-41a04, 79-41a06, 79-41a07 and 79-41a08"; also in line 4, by striking the last "and" and inserting a comma; in line 5, after

"41-2629" by inserting "and 79-41a03"

Senator _____