

SESSION OF 2013

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR SENATE
BILL NO. 36**

As Recommended by Senate Committee on
Federal and State Affairs

Brief*

Sub. for SB 36 would allow licensed Class A clubs, Class B clubs, drinking establishments, caterers, public venue clubs, and temporary permit holders to serve free samples of alcoholic liquor on the licensed premises.

The bill would define "sample" to mean a serving of alcoholic liquor which contains not more than: One-half ounce of distilled spirits, one ounce of wine, or two ounces of beer or cereal malt beverage. A sample of mixed alcoholic beverage could not contain more than one-half ounce of distilled spirits.

Class A and B clubs would be allowed to serve the samples free of charge to only their members and their members' families and guests.

All licensees would not be allowed to serve more than five samples to any individual per visit and no samples could be removed from the premises. The bill would not allow licensees who charge either a cover charge or entry fee at any time during the business day to provide free samples.

The bill would require samples to come from the licensee's inventory and would require the licensee to pay all associated excise and drink taxes for any alcoholic liquor served in free samples.

*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>

Background

The bill as introduced would have allowed licensed class A clubs, class B clubs, drinking establishments, caterers, public venue clubs, and temporary permit holders to serve free samples of alcoholic liquor on the licensed premises. Clubs and drinking establishments also would have been allowed to serve free samples at special events monitored and regulated by the Division of Alcoholic Beverage Control.

At the Senate Committee hearing, testimony in support of the bill was provided by the Kansas Licensed Beverage Association and the Kansas Restaurant and Hospitality Association. Testimony opposing the bill was provided by Alcoholic Beverage Control, Department of Revenue. Neutral testimony was provided by the Kansas Wine and Spirits Wholesalers Association.

The Senate Committee on Federal and State Affairs requested that its amendments be included in a substitute bill that would limit the number of and quantity of alcoholic liquor in free samples; prohibit any type of charges (cover, entry or any other consideration) being collected by licensees offering free samples; and pay all required excise and drink taxes based on the acquisition costs of alcoholic liquor in the free samples.

The fiscal note as provided by the Division of the Budget on the original bill is no longer applicable to the provisions of the substitute bill. The Department of Revenue indicated that SB 36 as introduced could result in the loss of excise tax revenue to the State General Fund, but did not provide an estimate. The original bill did not require remittance of the liquor excise tax on the value of the alcohol served free of charge.