

Nick Jordan, Secretary  
Dean Reynoldson, Director

Sam Brownback, Governor

## MEMORANDUM

**TO:** Representative Janice Pauls, Chairman, House Committee on Federal and State Affairs

**FROM:** Debbi Beavers, Interim Director of Kansas Alcoholic Beverage Control

**DATE:** 20 January 2016

**SUBJECT:** Neutral Testimony on House Bill 2467 (written only)

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Madam Chair and members of the committee. Thank you for the opportunity to testify as neutral. ABC is not opposed to this bill but does have several technical concerns that are outlined below.

This bill introduces a definition of hard cider that is inconsistent with the federal definition under the Alcohol and Tobacco Tax and Trade Bureau (TTB). The ABC would support adopting the TTB definition for consistency.

The TTB also clearly classifies hard cider as a wine product and does not allow wine to be manufactured on the premise of a brewery. A brewery could apply for and obtain a Basic Permit from the TTB to manufacture wine, then apply to qualify for an alternating proprietorship with the TTB to allow a microbrewery to manufacture hard cider.

Currently, only a farm winery or wine manufacturer may produce hard cider as Kansas observes the TTB classification of the product as wine. Under this bill as written, farm wineries would potentially no longer be allowed to produce hard cider, as only the microbreweries are specifically given that ability. Given the federal definition of hard cider being classified as a wine product, it would place Kansas at odds with federal guidelines. Adding language to allow a farm winery to manufacture hard cider creates an additional problem. Under current Kansas law, at least 30% of the agricultural products used by a farm winery must come from Kansas.

Microbreweries do not have this requirement. Therefore, farm wineries would be operating at a distinct disadvantage in the production of hard cider since they must meet this requirement. A Kansas wine manufacturer does not have any Kansas agricultural requirement.

Kansas has many hard cider products that are manufactured by out-of-state manufacturers. They are registered as light wine and are taxed as light wine at \$0.30 per gallon.

Thank you Madam Chair for the opportunity to testify as neutral.