AN ACT concerning the Kansas liquor control act; enacting the county option retailers act; amending K.S.A. 41-103 and 41-711 and K.S.A. 2014 Supp. 41-102, 41-301, 41-303, 41-304, 41-308, 41-308d, 41-310, 41-311, 41-313, 41-326, 41-713 and 79-4108 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. The provisions of sections 1 through 9, and amendments thereto, shall be known and may be cited as the county option retailers act. The county option retailers act shall apply in any county whose electors have approved the sale of alcoholic liquor or beer by grocery stores situated in the county and the sale of beer by convenience stores situated in the county.

New Sec. 2. (a) The board of county commissioners may, by resolution, or shall, upon a petition filed in accordance with subsection (b), submit to the qualified electors of the county at any general election, as defined in K.S.A. 25-2502, and amendments thereto, a proposition to permit grocery stores situated in the county to sell alcoholic liquor or beer in accordance with the county option retailers act, and to permit convenience stores situated in the county to sell beer in accordance with the county option retailers act.

(b) A petition to submit a proposition to the qualified voters of a county pursuant to this section shall be filed with the county election officer. The petition shall be signed by qualified electors of the county equal in number to not less than 10% of the electors of the county who voted for the office of secretary of state at the last preceding general election at which such office was elected. The following shall appear on the petition:

"We request an election to determine whether ____________ county shall be subject to the county option retailers act which allows grocery stores to sell alcoholic liquor or beer and convenience stores to sell beer in accordance with the county option retailers act."

(c) Upon the adoption of a resolution or the submission of a valid petition calling for an election pursuant to this section, the county election officer shall cause the following proposition to be placed on the ballot at
the next succeeding general election which occurs more than 90 days after
the resolution is adopted or the petition is filed with the county election
officer:
"Shall __________________________ county be subject to the local
option retailers act which allows grocery stores to sell alcoholic liquor or
beer and convenience stores to sell beer in accordance with the county
option retailers act?"
(d) If a majority of the votes cast and counted is in favor of the
proposition, the county election officer shall transmit a copy of the results
to the director.
(e) The election provided for by this section shall be conducted, and
the votes counted and canvassed, in the manner provided by law for
question submitted elections of the county.
New Sec. 3.  (a) On and after the date when the proposition submitted
to the voters of the county pursuant to section 2, and amendments thereto,
is approved, the total number of retailers' class B and class C licenses
issued by the director to sell alcoholic liquor in the county shall not exceed
the number of valid retailers' class C licenses issued on the date
immediately preceding the date of the election. The director may only
issue a retailer's class B license or a retailer's class C license to sell
alcoholic liquor to a qualified applicant in the county, if the issuance of
such licenses would not cause the total number of such valid licenses
issued in the county to exceed the number of valid retailer's class C
licenses issued on the date immediately preceding the election.
(b) (1) On and after three years from the date the electors in the
county approve the proposition submitted pursuant to section 2, and
amendments thereto, any person qualified to hold a retailer's class B
license under the Kansas liquor control act may acquire by transfer a valid
retailer's license from one of the three existing liquor stores in closest
proximity to the premises of the person acquiring such license.
(2) On and after six years from the date the electors of the county
approve the proposition submitted pursuant to section 2, and amendments
thereto, a person qualified to hold a retailer's class B license under the
Kansas liquor control act may acquire by transfer a valid retailer's license
from an existing liquor store located in the same county as the premises of
the person acquiring such license.
(c) Any transfer of a license pursuant to this section shall be approved
by the director. The director may require the transferor, the transferee, or
both, to submit such information as the director deems necessary in order
to determine that the license transfer satisfies the requirements of the
Kansas liquor control act. Such information shall be submitted in the
manner and on such forms as prescribed by the director, and may include,
but shall not be limited to, such information concerning the transferee that
shows such transferee is qualified to hold a retailer's license and a copy of
the agreement to transfer the license. The transaction between the
transferor and transferee providing for the transfer of a license shall
provide for the sale of the transferor's inventory of alcoholic liquor to the
transferee. Such sale shall be at the wholesale price of the alcoholic liquor.

(d) On the effective date of the transfer of a license in accordance
with this section, the director shall cancel the retailer's class C license of
the transferor and issue a retailer's class B license to the transferee. Such
license shall be issued for the premises of the transferee as stated in the
transfer agreement. The term of such license shall be for the remainder of
the term of the license held by the transferor immediately prior to the
effective date of the transfer. The director shall not require the payment of
any new or additional retailer's license fee by the transferee. The transferee
shall pay a nonrefundable transfer fee in the amount of $10,000, which fee
shall be submitted to the director at the same time the request for approval
of the transfer is submitted to the director.

(e) No retailer's class B license shall be issued unless the director has
approved a transfer agreement for acquisition of such license and the
transfer fee specified in subsection (d) has been paid.

New Sec. 4. No retailer's class B license shall be issued to any person
who does not in good faith actually carry on or intend to carry on a bona
fide business for the retail sale of alcoholic beverages, and the secretary
may suspend any retailer's class B license when the licensee fails for a
period of 180 days after receiving such license to actively and in good
faith engage in the retail sale of alcoholic beverages. Upon a showing of
good cause, the secretary may extend the inactive period an additional 180
days. Upon suspension, any such license shall become available for sale by
public auction to persons eligible to hold a retailer's class B license in the
county of origin. The license shall be sold at public auction by the
secretary and the proceeds of the sale shall first be applied to the payment
of any enforcement taxes due, and the remainder shall be deposited in the
state general fund. The transfer fee shall be due in addition thereto as
provided in section 3, and amendments thereto.

New Sec. 5. On and after three years from the date the electors in the
county approve the proposition to adopt the county option retailers act
pursuant to section 2, and amendments thereto:

(a) A retailer's class B license shall allow the licensee to sell and offer
for sale at retail and deliver in the original package, as therein prescribed,
alcoholic liquor for use or consumption off of and away from the premises
specified in such license.

(b) A retailer's class B license shall permit sale and delivery of
alcoholic liquor only on the licensed premises and shall not permit sale of
alcoholic liquor for resale in any form, except that a retailers class B
licensee may:

(1) Sell alcoholic liquor to a temporary permit holder for resale by such permit holder; and
(2) sell and deliver alcoholic liquor to a caterer or to the licensed premises of a public venue, club or drinking establishment, if such premises are in the county where the retailer's class B licensee's premises are located or in an adjacent county, for resale by such public venue, club, drinking establishment or caterer and if there is no liquor store within such county that makes or intends to make sales for resale as described in this paragraph or if the transfer of a license as provided in this act has eliminated a liquor store that made sales for resale as described in this paragraph and there is no other liquor store in such county that makes or intends to make such sales for resale.

(c) The holder of a retailer's class B license may:
(1) Sell lottery tickets and shares to the public in accordance with the Kansas lottery act, if the licensee is selected as a lottery retailer;
(2) include in the sale of alcoholic liquor any goods included by the manufacturer in packaging with the alcoholic liquor, subject to the approval of the director;
(3) distribute to the public, without charge, consumer advertising specialties bearing advertising matter, subject to rules and regulations of the secretary limiting the form and distribution of such specialties so that they are not conditioned on or an inducement to the purchase of alcoholic liquor;
(4) store alcoholic liquor in refrigerators, cold storage units, ice boxes or other cooling devices, and the licensee may sell such alcoholic liquor to consumers in a chilled condition; and
(5) sell any other good or service on the licensed premises.

(d) A retailer's class B license shall be subject to the provisions of K.S.A. 41-1101, and amendments thereto, prohibiting a retailer from purchasing alcoholic liquor from a distributor who has not filed with the director a sworn statement agreeing to sell to all retailers in the distributor's franchised territory at the same unit price and prohibiting a distributor from selling alcoholic liquor to a retailer at a discount for multiple case lots. A retailer's class B license also shall be subject to the provisions of K.S.A. 41-729, and amendments thereto, prohibiting the sale of alcoholic liquor at less than the acquisition cost thereof.

(e) A holder of a retailer's class B license shall provide for the display of wine and spirits in an area of the store which is segregated from other goods offered for sale by the licensee, in accordance with rules and regulations adopted by the secretary.

New Sec. 6. (a) On and after three years from the date when the electors of a county approve the proposition submitted pursuant to section
2, and amendments thereto, the director may issue to qualified applicants a retailer's class A license. A retailer's class A license shall allow the licensee to sell and offer for sale at retail and deliver in the original package, as therein prescribed, beer for use or consumption off of and away from the premises specified in such license.

(b) A retailer's class A license shall permit the sale and delivery of beer only on the licensed premises and shall not permit the sale of beer for resale in any form, except that the licensee may sell beer to a temporary permit holder for resale by such temporary permit holder.

(c) A retailer's class A licensee may:

1. Sell lottery tickets and shares to the public in accordance with the Kansas lottery act, if the licensee is selected as a lottery retailer;
2. Include in the sale of beer any goods included by the manufacturer in packaging with the beer, subject to the approval of the director;
3. Distribute to the public, without charge, consumer advertising specialties bearing advertising matter, subject to rules and regulations of the secretary limiting the form and distribution of such specialties so that they are not conditioned on or an inducement to the purchase of beer;
4. Store beer in refrigerators, cold storage units, ice boxes or other cooling devices, and sell such beer to consumers in a chilled condition; and
5. Sell any other good or service on the licensed premises.

(d) A retailer's class A license shall be subject to the provisions of K.S.A. 41-1101, and amendments thereto, prohibiting a retailer from purchasing alcoholic liquor from a distributor who has not filed with the director a sworn statement agreeing to sell to all retailers in the distributor's franchised territory at the same unit price and prohibiting a distributor from selling alcoholic liquor to a retailer at a discount for multiple case lots. A retailer's class A license also shall be subject to the provisions of K.S.A. 41-729, and amendments thereto, prohibiting the sale of alcoholic liquor at less than the acquisition cost thereof.

New Sec. 7. The director may propose rules and regulations necessary to implement and administer the provisions of the county option retailers act, and submit such rules and regulations to the secretary in accordance with K.S.A. 41-210, and amendments thereto. Such rules and regulations shall be adopted by the secretary on or before July 1, 2016, and may include, but are not limited to:

(a) That on and after July 1, 2018, the number of retailer's licenses that are issued by the director in any one month may be limited to that number which may be reasonably processed and issued by the director based on the resources of the division of alcoholic beverage control; and
(b) That submission of applications for a retailer's license to the director and review of such applications by the director for compliance
with the Kansas liquor control act may be permitted prior to July 1, 2018.

New Sec. 8. (a) On and after three years from the date when the
electors of the county approve the proposition submitted pursuant to
section 2, and amendments thereto, 3% of the revenue remitted to the state
treasurer by retailers located in the county pursuant to K.S.A. 79-4108, and
amendments thereto, during the prior calendar year quarter that is
deposited in the state treasury shall be credited to the local cereal malt
beverage sales tax fund, which is hereby created in the state treasury.
Moneys credited to the local cereal malt beverage sales tax fund shall be
distributed quarterly as part of the January, April, July and October sales
tax distribution to each county that is subject to the county option retailers'
act and to each city located in such county which levied a local retailers'
sales tax. The amount to be distributed to each city and county shall be
determined by the department of revenue based on a weighted population
average. The weighted population average shall be computed by
multiplying the total tax rate in effect for the city or county by the
population of such city or county. The weighted population average for
each city and county shall then be divided by the total Kansas population.
The resulting quotient is the percentage of distribution for such city or
county. The population data shall be updated annually with the issuance of
the certified population data through the division of the budget.

(b) The local cereal malt beverage sales tax fund shall be used for the
purposes set forth in K.S.A. 79-4101 et seq., and amendments thereto, and
for no other governmental purposes. It is the intent of the legislature that
the local cereal malt beverage sales tax fund shall remain intact and
inviolate for the purposes set forth in K.S.A. 79-4101 et seq., and
amendments thereto, and moneys in the local cereal malt beverage sales
tax fund shall not be subject to the provisions of K.S.A. 75-3722, 75-
3725a and 75-3726a, and amendments thereto.

New Sec. 9. The provisions of sections 1 through 9, and amendments
thereto, shall be a part of and supplemental to the Kansas liquor control
act.

New Sec. 10. (a) On and after July 1, 2015, all retailers' licenses to
sell alcoholic liquor issued by the director prior to such date shall be
deemed to be retailers' class C licenses.

(b) A holder of a retailer's class C license shall have all the privileges
granted to such licensees as set forth in K.S.A. 41-308, and amendments
thereto.

(c) This section shall be part of and supplemental to the Kansas liquor
control act.

Sec. 11. K.S.A. 2014 Supp. 41-102 is hereby amended to read as
follows: 41-102. As used in this act, unless the context clearly requires
otherwise:
(a) "Alcohol" means the product of distillation of any fermented liquid, whether rectified or diluted, whatever its origin, and includes synthetic ethyl alcohol but does not include denatured alcohol or wood alcohol.

(b) "Alcoholic liquor" means alcohol, spirits, wine, beer and every liquid or solid, patented or not, containing alcohol, spirits, wine or beer and capable of being consumed as a beverage by a human being, but shall not include any cereal malt beverage.

(c) "Beer" means a beverage, containing more than 3.2% alcohol by weight, obtained by alcoholic fermentation of an infusion or concoction of barley, or other grain, malt and hops in water and includes beer, ale, stout, lager beer, porter and similar beverages having such alcoholic content.

(d) "Caterer" has the meaning provided by K.S.A. 41-2601, and amendments thereto.

(e) "Cereal malt beverage" has the meaning provided by K.S.A. 41-2701, and amendments thereto.

(f) "Class A retailer's license" means a license to sell at retail beer issued pursuant to the Kansas liquor control act to a convenience store or a grocery store.

(g) "Class B retailer's license" means a license to sell at retail alcoholic liquor issued pursuant to the Kansas liquor control act to a grocery store.

(h) "Class C retailer's license" means a license to sell at retail alcoholic liquor issued pursuant to the Kansas liquor control act to a liquor store.

(i) "Club" has the meaning provided by K.S.A. 41-2601, and amendments thereto.

(j) "Convenience store" means a retail business with primary emphasis placed on providing the public a convenient location to quickly purchase from a wide array of consumable products (predominantly food or food and gasoline) and services.

(k) "Director" means the director of alcoholic beverage control of the department of revenue.

(l) "Distributor" means the person importing or causing to be imported into the state, or purchasing or causing to be purchased within the state, alcoholic liquor for sale or resale to retailers licensed under this act or cereal malt beverage for sale or resale to retailers licensed under K.S.A. 41-2702, and amendments thereto.

(m) "Domestic beer" means beer which contains not more than 10% alcohol by weight and which is manufactured in this state.

(n) "Domestic fortified wine" means wine which contains more than 14%, but not more than 20% alcohol by volume and which is manufactured in this state.
"Domestic table wine" means wine which contains not more than 14% alcohol by volume and which is manufactured without rectification or fortification in this state.

"Drinking establishment" has the meaning provided by K.S.A. 41-2601, and amendments thereto.

"Farm winery" means a winery licensed by the director to manufacture, store and sell domestic table wine and domestic fortified wine.

"Grocery store" means an establishment primarily engaged in retailing a general line of groceries, including, but not limited to, packaged food, fresh and frozen food, prepared foods and other consumable products, and includes establishments primarily engaged in retailing a general line of groceries in combination with general lines of new merchandise.

"Liquor store" means a store whose primary business is the retail sale of alcoholic liquor in the original and unopened container and not for consumption on the premises.

"Manufacturer" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor, beer or cereal malt beverage.

"Manufacturer" does not include a microbrewery, microdistillery or a farm winery.

"Microbrewery" means a brewery licensed by the director to manufacture, store and sell domestic beer.

"Microdistillery" means a facility which produces spirits from any source or substance that is licensed by the director to manufacture, store and sell spirits.

"Minor" means any person under 21 years of age.

"Nonbeverage user" means any manufacturer of any of the products set forth and described in K.S.A. 41-501, and amendments thereto, when the products contain alcohol or wine, and all laboratories using alcohol for nonbeverage purposes.

"Original package" means any bottle, flask, jug, can, cask, barrel, keg, hogshead or other receptacle or container whatsoever, corked or capped, sealed and labeled by the manufacturer of alcoholic liquor, to contain and to convey any alcoholic liquor. Original container does not include a sleeve.

"Person" means any natural person, corporation, partnership,
"Primary American source of supply" means the manufacturer, the owner of alcoholic liquor at the time it becomes a marketable product or the manufacturer's or owner's exclusive agent who, if the alcoholic liquor cannot be secured directly from such manufacturer or owner by American wholesalers, is the source closest to such manufacturer or owner in the channel of commerce from which the product can be secured by American wholesalers.

"Retailer" means a person who sells at retail, or offers for sale at retail, alcoholic liquors.

"Retailer's license" means a license to sell at retail alcoholic liquor in the original package issued pursuant to the Kansas liquor control act, and includes a retailer's class A, class B or class C license.

"Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration and includes all sales made by any person, whether principal, proprietor, agent, servant or employee.

"Salesperson" means any natural person who:

1. Procures or seeks to procure an order, bargain, contract or agreement for the sale of alcoholic liquor or cereal malt beverage; or
2. is engaged in promoting the sale of alcoholic liquor or cereal malt beverage, or in promoting the business of any person, firm or corporation engaged in the manufacturing and selling of alcoholic liquor or cereal malt beverage, whether the seller resides within the state of Kansas and sells to licensed buyers within the state of Kansas, or whether the seller resides without the state of Kansas and sells to licensed buyers within the state of Kansas.

"Secretary" means the secretary of revenue.

"Sell at retail" and "sale at retail" refer to and mean sales for use or consumption and not for resale in any form and sales to clubs, licensed drinking establishments, licensed caterers or holders of temporary permits.

"Sell at retail" and "sale at retail" do not refer to or mean sales by a distributor, a microbrewery, a farm winery, a licensed club, a licensed drinking establishment, a licensed caterer or a holder of a temporary permit.

"To sell" includes to solicit or receive an order for, to keep or expose for sale and to keep with intent to sell.

"Sleeve" means a package of two or more 50-milliliter (3.2-fluid-ounce) containers of spirits.

"Spirits" means any beverage which contains alcohol
obtained by distillation, mixed with water or other substance in solution, and includes brandy, rum, whiskey, gin or other spirituous liquors, and such liquors when rectified, blended or otherwise mixed with alcohol or other substances.

(####) "Supplier" means a manufacturer of alcoholic liquor or cereal malt beverage or an agent of such manufacturer, other than a salesperson.

(ff) "Temporary permit" has the meaning provided by K.S.A. 41-2601, and amendments thereto.

(gg) "Wine" means any alcoholic beverage obtained by the normal alcoholic fermentation of the juice of sound, ripe grapes, fruits, berries or other agricultural products, including such beverages containing added alcohol or spirits or containing sugar added for the purpose of correcting natural deficiencies.

Sec. 12. K.S.A. 41-103 is hereby amended to read as follows: 41-103.

(a) The legislature hereby declares the public policy of this state to be that:

(1) Cereal malt beverage shall be sold at retail separately from sales of alcoholic liquor at retail;

(2) cereal malt beverage shall be sold and dispensed at retail in rooms or premises separate and distinct from rooms or premises where alcoholic liquor is sold; and

(3) no retailer's license for the sale of alcoholic liquor shall be granted to any applicant making application therefor if the premises sought to be licensed are located outside the corporate limits of any city within this state, except as provided in K.S.A. 41-303, and amendments thereto.

(b) This section shall not apply in counties that have approved the proposition to adopt the county option retailers act pursuant to section 2, and amendments thereto.

New Sec. 13. (a) Notwithstanding the provisions of K.S.A. 41-1101, and amendments thereto, a distributor may establish minimum order requirements for deliveries to a retailer based on an invoice dollar amount or product case quantity.

(b) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 14. K.S.A. 2014 Supp. 41-301 is hereby amended to read as follows: 41-301. (a) Except as provided by subsection (b), the director shall issue to qualified applicants, who have filed the bond and paid the registration and license fees required by this act, licenses to sell at retail alcoholic liquor in the original package on premises within the corporate limits of cities and outside the corporate limits of any city.

(b) No retailer's license shall be issued for premises within a city if the governing body of such city, on or before February 15, 2006, adopts an ordinance prohibiting the licensing of the sale of alcoholic liquor in the original package within such city. Upon adoption of such ordinance, the city clerk promptly shall transmit a copy of such-
ordinance to the director and the director shall refuse to issue licenses to
sell at retail alcoholic liquor in the original package in such city. If the
governing body adopts such an ordinance, the holder of any valid existing
retailer's license for premises in such city shall have the right to continue
to operate under such license for a period of 90 days after the effective
date of the ordinance or until the expiration of such license, whichever
period of time is shorter. If such period of time expires before the
expiration of the term for which the retailer's license was issued, the
licensee shall be entitled to a refund of the license fee for the unexpired
portion of the license period which remains, in accordance with rules and
regulations adopted by the secretary.

(c) No retailer's license shall be issued for premises within a city
if, after November 15, 2005, a majority of the qualified voters of such city
voting at an election held as provided by K.S.A. 41-302, and amendments
thereto, votes against the licensing of the sale at retail of alcoholic liquor
in the original package within such city unless, at a subsequent election, a
majority of the qualified voters of such city voting at such election votes in
favor of the licensing of the sale at retail of alcoholic liquor in the original
package within such city.

Sec. 15. K.S.A. 2014 Supp. 41-303 is hereby amended to read as
follows: 41-303. (a) The director may issue to qualified applicants licenses
to sell at retail alcoholic liquor in the original package on premises not
located in an incorporated city for use or consumption off the premises. No
such license shall be issued to any applicant unless the applicant possesses
all the qualifications required of other applicants for retailers' licenses
except the qualification of residency within a city.

No such retailer's license shall be issued to any applicant under this
section for premises not located in an incorporated city unless the board of
county commissioners of the county in which the premises for which
licensure is sought are located adopts a resolution approving the issuance
of such license. A certified copy of such resolution shall accompany the
application for a such license authorized by this section.

(b) If a license has been issued under the provisions of this section in
the unincorporated area of a county and thereafter the premises so licensed
are annexed to a city wherein retail liquor licenses may be issued, such
license shall continue to be valid and may be renewed at the appropriate
time even though the licensee does not reside in the city to which the area
is annexed if the licensee otherwise is qualified and resides in the township
in which the premises were located prior to annexation or in the city to
which the premises have been annexed.

(e) Any retail retailer's license issued prior to the effective date of
this act for premises not located in an incorporated city shall continue to be
valid and such premises shall continue to be eligible for licensure if the
board of county commissioners of the county in which the premises are located has adopted a resolution approving the issuance of such license. A certified copy of such resolution shall accompany the application for such license authorized by this subsection.

Sec. 16. K.S.A. 2014 Supp. 41-304 is hereby amended to read as follows: 41-304. Licenses issued by the director shall be of the following classes: (a) Manufacturer's license; (b) spirits distributor's license; (c) wine distributor's license; (d) beer distributor's license; (e) retailer's class A license; (f) retailer's class B license; (g) retailer's class C license; (h) microbrewery license; (i) microdistillery license; (j) farm winery license; and (k) nonbeverage user's license.

Sec. 17. K.S.A. 2014 Supp. 41-308 is hereby amended to read as follows: 41-308. (a) Except as provided in K.S.A. 2014 Supp. 41-308d, and amendments thereto, a retailer's class C license shall allow the licensee to sell and offer for sale at retail and deliver in the original package, as therein prescribed, alcoholic liquor for use or consumption off and away from the premises specified in such license. A retailer's class C license shall permit sale and delivery of alcoholic liquor only on the licensed premises and shall not permit sale of alcoholic liquor for resale in any form, except that a licensed retailer may:

(1) Sell alcoholic liquor to a temporary permit holder for resale by such permit holder; and
(2) Sell and deliver alcoholic liquor to a caterer or to the licensed premises of a public venue, club or drinking establishment, if such premises are in the county where the retailer's premises are located or in an adjacent county, for resale by such public venue, club, establishment or caterer.

(b) The holder of a retailer's class C license shall not sell, offer for sale, give away or permit to be sold, offered for sale or given away in or from the premises specified in such license any service or thing of value whatsoever except alcoholic liquor in the original package, except that a licensed retailer may:

(1) Charge a delivery fee for delivery to a public venue, club, drinking establishment or caterer pursuant to subsection (a)(1);
(2) Sell lottery tickets and shares to the public in accordance with the Kansas lottery act, if the retailer licensee is selected as a lottery retailer;
(3) Include in the sale of alcoholic liquor any goods included by the manufacturer in packaging with the alcoholic liquor, subject to the approval of the director; and
(4) Distribute to the public, without charge, consumer advertising specialties bearing advertising matter, subject to rules and regulations of the secretary limiting the form and distribution of such specialties so that they are not conditioned on or an inducement to the purchase of alcoholic
liquor; and

(5) store alcoholic liquor in refrigerators, cold storage units, ice boxes or other cooling devices, and the licensee may sell such alcoholic liquor to consumers in a chilled condition.

(c) No licensed retailer shall furnish any entertainment in such premises or permit any pinball machine or game of skill or chance to be located in or on such premises.

(d) A retailer's license shall allow the licensee to store alcoholic liquor in refrigerators, cold storage units, ice boxes or other cooling devices, and the licensee may sell such alcoholic liquor to consumers in a chilled condition. On and after two and one-half years from the date the electors in the county approve the proposition to adopt the county option retailers act pursuant to section 2, and amendments thereto, a retailer's class C license for a premises located in such county shall allow the licensee to sell any other good or service on the licensed premises.

Sec. 18. K.S.A. 2014 Supp. 41-308d is hereby amended to read as follows: 41-308d. (a) Notwithstanding any other provisions of the Kansas liquor control act to the contrary, any person or entity who is licensed to sell alcoholic liquor in the original package at retail a liquor store issued a retailer's class C license may conduct wine, beer and distilled spirit tastings on the licensed premises, or adjacent premises, monitored and regulated by the division of alcoholic beverage control, as follows:

(1) Wine, beer and spirits for the tastings shall come from the inventory of the licensee. Except as provided by paragraph (2), a person other than the licensee or the licensee's agent or employee may not dispense or participate in the dispensing of alcoholic beverages under this section.

(2) The holder of a supplier's permit or Kansas farm winery license or such permit holder's or licensee's agent or employee may participate in and conduct product tastings of alcoholic beverages at a retail liquor store licensee's premises, or adjacent premises, monitored and regulated by the division of alcoholic beverage control, and may open, touch, or pour alcoholic beverages, make a presentation, or answer questions at the tasting. Any alcoholic beverage tasted under this subsection must be purchased from the retailer licensee on whose premises the tasting is held. The retailer licensee may not require the purchase of more alcoholic beverages than are necessary for the tasting. This section does not authorize the supplier, farm winery licensee or the supplier's or licensee's agent to withdraw or purchase an alcoholic beverage from the holder of a distributor's permit or provide an alcoholic beverage for tasting on a retailer's licensee's premises that is not purchased from the retailer licensee.

(3) No charge of any sort may be made for a sample serving.
Sec. 19. K.S.A. 2014 Supp. 41-310 is hereby amended to read as follows: 41-310. (a) At the time application is made to the director for a license of any class, the applicant shall pay the fee provided by this section.

(b) The fee for a manufacturer's license to manufacture alcohol and spirits shall be $5,000.

(c) The fee for a manufacturer's license to manufacture beer and cereal malt beverage shall be:

(1) For 1 to 100 barrel daily capacity or any part thereof, $400.
(2) For 100 to 150 barrel daily capacity, $800.
(3) For 150 to 200 barrel daily capacity, $1,400.
(4) For 200 to 300 barrel daily capacity, $2,000.
(5) For 300 to 400 barrel daily capacity, $2,600.
(6) For 400 to 500 barrel daily capacity, $2,800.
(7) For 500 or more barrel daily capacity, $3,200.

As used in this subsection, "daily capacity" means the average daily barrel production for the previous 12 months of manufacturing operation. If no basis for comparison exists, the licensee shall pay in advance for operation during the first term of the license a fee of $2,000.

(d) The fee for a manufacturer's license to manufacture wine shall be $1,000.

(e) (1) The fee for a microbrewery license, a microdistillery license or a farm winery license shall be $500.
(2) The fee for a winery outlet license shall be $100.
(3) The fee for a microbrewery packaging and warehousing facility license shall be $200.
(4) The fee for a microdistillery packaging and warehousing facility license shall be $200.

(f) The fee for a spirits distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing spirits shall be $2,000.

(g) The fee for a wine distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing wine shall be $2,000.

(h) The fee for a beer distributor's license, for the first and each additional wholesale distributing place of business operated in this state by the licensee and wholesaling or jobbing beer and cereal malt beverage shall be $2,000.

(i) The fee for a nonbeverage user's license shall be:
   (1) For class 1, $20.
   (2) For class 2, $100.
   (3) For class 3, $200.
   (4) For class 4, $400.
   (5) For class 5, $1,000.

(j) In addition to the license fees prescribed by subsections (b), (c), (d), (f), (g), (h) and (i):
   (1) Any city in which the licensed premises are located may levy and collect a biennial occupation or license tax on the licensee in an amount not exceeding the amount of the license fee required to be paid under this act to obtain the license, but no city shall impose an occupation or privilege tax on the licensee in excess of that amount; and
   (2) any township in which the licensed premises are located may levy and collect a biennial occupation or license tax on the licensee in an amount not exceeding the amount of the license fee required to be paid under this act to obtain the license, but no township shall impose an occupation or privilege tax on the licensee in excess of that amount; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(k) (1) The fee for a retailer's class A license shall be $500.
   (2) The fee for a retailer's class B license shall be $1,500.
   (3) The fee for a retailer's class C license shall be $500.

(l) In addition to the license fee prescribed by subsection (k):
   (1) Any city in which the licensed premises are located may levy and collect a biennial occupation or license tax on the licensee in an amount not less than $200 nor more than $600, but no other occupation or excise tax or license fee shall be levied by any city against or collected from the licensee; and
(2) any township in which the licensed premises are located may levy and collect a biennial occupation or license tax on the licensee in an amount not less than $200 nor more than $600. The township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(m) The license term for a license shall commence on the date the license is issued by the director and shall end two years after that date. The director may, at the director's sole discretion and after examination of the circumstances, extend the license term of any license for not more than 30 days beyond the date such license would expire pursuant to this section. Any extension of the license term by the director pursuant to this section shall automatically extend the due date for payment by the licensee of any occupation or license tax levied by a city or township pursuant to this section by the same number of days the director has extended the license term.

Sec. 20. K.S.A. 2014 Supp. 41-311 is hereby amended to read as follows: 41-311. (a) No license of any kind shall be issued pursuant to the liquor control act to a person:

(1) Who is not a citizen of the United States;
(2) who has been convicted of a felony under the laws of this state, any other state or the United States;
(3) who has had a license revoked for cause under the provisions of the liquor control act, the beer and cereal malt beverage keg registration act or who has had any license issued under the cereal malt beverage laws of any state revoked for cause except that a license may be issued to a person whose license was revoked for the conviction of a misdemeanor at any time after the lapse of 10 years following the date of the revocation;
(4) who has been convicted of being the keeper or is keeping any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older or has forfeited bond to appear in court to answer charges of being a keeper of any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older;
(5) who has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;
(6) who is not at least 21 years of age;
(7) who, other than as a member of the governing body of a city or county, appoints or supervises any law enforcement officer, who is a law enforcement official or who is an employee of the director;
(8) who intends to carry on the business authorized by the license as agent of another;
(9) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application, except as provided by subsection (a)(12);
(10) who is the holder of a valid and existing license issued under article 27 of chapter 41 of the Kansas Statutes Annotated, and amendments thereto, unless the person agrees to and does surrender the license to the officer issuing the same upon the issuance to the person of a license under this act, except that a retailer licensed pursuant to K.S.A. 41-2702, and amendments thereto, shall be eligible to receive a retailer's license under the Kansas liquor control act;
(11) who does not own the premises for which a license is sought, or does not, at the time of application, have a written lease thereon;
(12) whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age, except that this subsection (a)(12) shall not apply in determining eligibility for a renewal license;
(13) whose spouse has been convicted of a felony or other crime which would disqualify a person from licensure under this section and such felony or other crime was committed during the time that the spouse held a license under this act; or
(14) who does not provide any data or information required by K.S.A. 2014 Supp. 41-311b, and amendments thereto.
(b) (1) No retailer's class C license shall be issued to:
(1)(A) A person who is not a resident of this state;
(2)(B) an individual who has not been a resident of this state for at least four years immediately preceding the date of application;
(3)(C) a person who has a beneficial interest in a manufacturer, distributor, farm winery or, microbrewery or microdistillery licensed under this act, except that the spouse of an applicant for a retailer's license may own and hold a farm winery license, microbrewery license, or both, if the spouse does not hold a retailer's license issued under this act; or
(4)(D) a person who has a beneficial interest in any other retail establishment licensed under this act, except that the spouse of a licensee may own and hold a retailer's license for another retail establishment;
(5)—(D) a person who has a beneficial interest in any other retail establishment licensed under this act, except that: (i) The spouse of a licensee may own and hold a retailer's license for another retail establishment; and (ii) on and after the date the electors in the county approve the proposition to adopt the county option retailers act pursuant to section 2, and amendments thereto, a retailer's class C license may be issued in such county to a person who has a beneficial interest in other
(E) a copartnership, unless all of the copartners are qualified to obtain a license;

(F) a corporation, except as provided in subsection (b)(2); or

(G) 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.

(2) On and after three years from the date the electors in the county approve the proposition to adopt the county option retailers act, pursuant to section 2, and amendments thereto:

(A) No retailer's license shall be issued in such county to:

(i) A corporation, if any officer, manager or director thereof, or any natural person owning in the aggregate more than 5% of the common or preferred stock of such corporation would be ineligible to receive a license hereunder for any reason other than citizenship and residence requirements;

(ii) a corporation, if any officer, manager or director thereof, or any natural person owning in the aggregate more than 5% of the common or preferred stock of such corporation, has been an officer, manager or director, or a natural person owning in the aggregate more than 5% of the common or preferred stock, of a corporation which either has had a license revoked under the provisions of the Kansas liquor control act or has been convicted of a violation of the Kansas liquor control act;

(iii) a person who has a beneficial interest in a manufacturer, distributor, farm winery, microbrewery or microdistillery licensed under this act, except that the spouse of an applicant for a retailer's license may own and hold a farm winery license, microbrewery license, or both, if the spouse does not hold a retailer's license issued under this act;

(iv) a copartnership, unless all of the copartners are qualified to obtain a license; or

(v) 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.

(B) No retailer's class A license shall be issued in such county to a person who is not engaged in business as a convenience store or grocery store, except that a license may be issued to such person if upon issuance of the license such person engages in business as a convenience store or grocery store.

(C) No retailer's class B license shall be issued in such county to a
person who is not engaged in business as a grocery store, except that a license may be issued to such person if upon issuance of the license such person engages in business as a grocery store.

(D) No retailer's class C license shall be issued in such county to a person who is not engaged in business as a liquor store, except that a license may be issued to such person if upon issuance of the license such person engages in business as a liquor store.

(c) No manufacturer's license shall be issued to:

(1) A corporation, if any officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a manufacturer's license for any reason other than citizenship and residence requirements;

(2) a copartnership, unless all of the copartners shall have been residents of this state for at least five years immediately preceding the date of application and unless all the members of the copartnership would be eligible to receive a manufacturer's license under this act;

(3) 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;

(4) an individual who is not a resident of this state;

(5) an individual who has not been a resident of this state for at least five years immediately preceding the date of application; or

(6) a person who has a beneficial interest in a distributor, retailer, farm winery or microbrewery licensed under this act, except as provided in K.S.A. 41-305, and amendments thereto.

(d) No distributor's license shall be issued to:

(1) A corporation, if any officer, director or stockholder of the corporation would be ineligible to receive a distributor's license for any reason. It shall be unlawful for any stockholder of a corporation licensed as a distributor to transfer any stock in the corporation to any person who would be ineligible to receive a distributor's license for any reason, and any such transfer shall be null and void, except that: (A) If any stockholder owning stock in the corporation dies and an heir or devisee to whom stock of the corporation descends by descent and distribution or by will is ineligible to receive a distributor's license, the legal representatives of the deceased stockholder's estate and the ineligible heir or devisee shall have 14 months from the date of the death of the stockholder within which to sell the stock to a person eligible to receive a distributor's license, any such sale by a legal representative to be made in accordance with the provisions of the probate code; or (B) if the stock in any such corporation is the subject of any trust and any trustee or beneficiary of the trust who is 21 years of age or older is ineligible to receive a distributor's license, the
trustee, within 14 months after the effective date of the trust, shall sell the
stock to a person eligible to receive a distributor's license and hold and
disburse the proceeds in accordance with the terms of the trust. If any legal
representatives, heirs, devisees or trustees fail, refuse or neglect to sell any
stock as required by this subsection, the stock shall revert to and become
the property of the corporation, and the corporation shall pay to the legal
representatives, heirs, devisees or trustees the book value of the stock.
During the period of 14 months prescribed by this subsection, the
corporation shall not be denied a distributor's license or have its
distributor's license revoked if the corporation meets all of the other
requirements necessary to have a distributor's license;
(2) a copartnership, unless all of the copartners are eligible to receive
a distributor's license;
(3) 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; or
(4) a person who has a beneficial interest in a manufacturer, retailer,
farm winery or microbrewery licensed under this act.
(e) No nonbeverage user's license shall be issued to a corporation, if
any officer, manager or director of the corporation or any stockholder
owning in the aggregate more than 25% of the stock of the corporation
would be ineligible to receive a nonbeverage user's license for any reason
other than citizenship and residence requirements.
(f) No microbrewery license, microdistillery license or farm winery
license shall be issued to a:
(1) Person who is not a resident of this state;
(2) person who has not been a resident of this state for at least one
year immediately preceding the date of application;
(3) person who has a beneficial interest in a manufacturer or
distributor licensed under this act, except as provided in K.S.A. 41-305,
and amendments thereto;
(4) person, copartnership or association which has a beneficial
interest in any retailer licensed under this act or under K.S.A. 41-2702, and
amendments thereto, except that the spouse of an applicant for a
microbrewery or farm winery license may own and hold a retailer's license
if the spouse does not hold a microbrewery or farm winery license issued
under this act;
(5) copartnership, unless all of the copartners are qualified to obtain a
license;
(6) corporation, unless stockholders owning in the aggregate 50% or
more of the stock of the corporation would be eligible to receive such
license and all other stockholders would be eligible to receive such license
except for reason of citizenship or residency; or

(7) 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.

(g) The provisions of subsections (b)(1)(A), (b)(2) (1)(B), (c)(3), (c)
(4), (d)(3), (f)(1), (f)(2) and K.S.A. 2014 Supp. 41-311b, and amendments thereto, shall not apply in determining eligibility for the 10th, or a subsequent, consecutive renewal of a license if the applicant has appointed a citizen of the United States who is a resident of Kansas as the applicant's agent and filed with the director a duly authenticated copy of a duly executed power of attorney, authorizing the agent to accept service of process from the director and the courts of this state and to exercise full authority, control and responsibility for the conduct of all business and transactions within the state relative to alcoholic liquor and the business licensed. The agent must be satisfactory to and approved by the director, except that the director shall not approve as an agent any person who:

(1) Has been convicted of a felony under the laws of this state, any other state or the United States;

(2) has had a license issued under the alcoholic liquor or cereal malt beverage laws of this or any other state revoked for cause, except that a person may be appointed as an agent if the person's license was revoked for the conviction of a misdemeanor and 10 years have lapsed since the date of the revocation;

(3) has been convicted of being the keeper or is keeping any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older or has forfeited bond to appear in court to answer charges of being a keeper of any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older;

(4) has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes; or

(5) is less than 21 years of age.

Sec. 21. K.S.A. 2014 Supp. 41-313 is hereby amended to read as follows: 41-313. (a) No corporation, either organized under the laws of this state, any other state or a foreign country, shall be issued a retailer's, manufacturer's, distributor's, microbrewery, microdistillery or farm winery license unless the corporation has first procured a certificate of authority from the secretary of state to do business in this state as provided by law, appointed a citizen of the United States, and resident of Kansas, as its resident agent and filed with the director a
duly authenticated copy of a duly executed power of attorney, authorizing
the agent to accept service of process from the director and the courts of
this state and to exercise full authority of the corporation and full authority,
control and responsibility for the conduct of all business and transactions
of the corporation within the state relative to alcoholic liquor and the
business licensed. The agent must be satisfactory to and approved by the
director with respect to the agent's character. The agent shall at all times be
maintained by the corporation.

In addition, any corporation organized under the laws of any other state
or foreign country, as a condition precedent to the issuance to it of any
license, shall file with the secretary of state of the state of Kansas, a duly
authorized and executed power of attorney, authorizing the secretary of
state to accept service of process from the director and the courts of this
state and to accept service of any notice or order provided for in this act,
and all such acts by the secretary of state shall be fully binding upon the
corporation.

(b) Every nonresident applicant on applying for a license or permit
under this act, and as a condition precedent to obtaining such license or
permit, shall file with the secretary of state of this state its written consent,
irrevocable, that any action or garnishment proceeding may be
commenced against such applicant in the proper court of any county in this
state in which the cause of action shall arise or in which the plaintiff may
reside by the service of process on the resident agent specified in
subsection (a), and stipulating and agreeing that such service shall be taken
and held in all courts to be as valid and binding as if due service had been
made upon the applicant. The written consent shall state that the courts of
this state have jurisdiction over the person of such applicant and are the
proper and convenient forum for such action and shall waive the right to
request a change of jurisdiction or venue to a court outside this state and
that all actions arising under this act and commenced by the applicant shall
be brought in this state's courts as the proper and convenient forum. Such
consent shall be executed by the applicant and if a corporation, by the
president and secretary of the corporate applicant, and shall be
accompanied by a duly certified copy of the order or resolution of the
board of directors, trustees or managers authorizing the president and
secretary to execute the same.

Sec. 22. K.S.A. 2014 Supp. 41-326 is hereby amended to read as
follows: 41-326. A license shall be purely a personal privilege, and shall
not constitute property. A license shall be valid for not to exceed two years
after issuance, except as otherwise provided by law, unless sooner
suspended or revoked, and shall not constitute property, nor shall it. A
license shall not be subject to attachment, garnishment or execution, nor
shall it. A license shall not be alienable or transferable, voluntarily or
involuntarily, or except as provided by law. A license shall not be subject to being encumbered or hypothecated. A license shall not descend by the laws of testate or intestate devolution but shall cease and expire upon the death of the licensee except that executors, administrators or representatives of the estate of any deceased licensee and the trustee of any insolvent or bankrupt licensee, when such estate consists in part of alcoholic liquor, may continue the business of the sale, distribution or manufacture of alcoholic liquor under order of the appropriate court and may exercise the privilege of the deceased, insolvent or bankrupt licensee after the death of such decedent, or after such insolvency or bankruptcy, until the expiration of such license but not longer than one year after the death, bankruptcy or insolvency of such licensee.

When the licensee pays the full amount of the license fee upon application and is prevented from operating under such license in accordance with the provisions of this act for the entire second year of the license term, a refund shall be made of one-half of the license fee paid by such licensee. The secretary of revenue may adopt rules and regulations pursuant to K.S.A. 41-210, and amendments thereto, which provide for the authorization of refunds of one-half of the license fee paid when the licensee does not use such license for the entire second year of the license term as a result of the cancellation of the license upon the request of the licensee for voluntary reasons.

Sec. 23. K.S.A. 41-711 is hereby amended to read as follows: 41-711.

(a) No alcoholic liquor shall be sold at retail upon any premises which have an inside entrance or opening which connects with any other place of business.

(b) This section shall not apply in counties that have approved the proposition to adopt the county option retailers act submitted pursuant to section 2, and amendments thereto.

Sec. 24. K.S.A. 2014 Supp. 41-713 is hereby amended to read as follows: 41-713. (a) It shall be unlawful for a retailer of alcoholic liquor retailer's class C licensee:

(1) To permit any person to mix drinks in or on the licensed premises, except as provided in subsection (b) (d);

(2) to employ any person under the age of 21 years in connection with the operation of such retail establishment; or

(3) to employ any person in connection with the operation of such retail establishment who has been adjudged guilty of a felony.

(b) It shall be unlawful for a retailer's class B licensee:

(1) To permit any person to mix drinks in or on the licensed premises;

(2) to authorize or allow any person who has been adjudged guilty of a felony to sell at retail any alcoholic liquor at the point of sale; or

(3) to permit any person who is under the age of 21 years to sell,
stock or handle alcoholic liquor.

(c) It shall be unlawful for a retailer's class A licensee:

(1) To permit any person to mix drinks in or on the licensed premises;

(2) to authorize or allow any person under the age of 18 years to sell at retail any alcoholic liquor at the point of sale;

(3) to permit any employee who is under the age of 21 years to work on the premises at any time when not under the on-premises supervision of either the licensee or an employee of the licensee who is 21 years of age or older; or

(4) to authorize or allow any person who has been adjudged guilty of a felony to sell at retail any alcoholic liquor at the point of sale.

(d) The provisions of subsection (a)(1) shall not apply to the preparation or mixing of samples for the purposes of conducting wine, beer or distilled spirit tastings, or any combination thereof, as authorized by K.S.A. 2014 Supp. 41-308d, and amendments thereto.

Sec. 25. K.S.A. 2014 Supp. 79-4108 is hereby amended to read as follows: 79-4108. All revenue collected or received by the director of taxation from taxes imposed by K.S.A. 79-4101 to 79-4105, and amendments thereto, shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Except as otherwise provided in section 8, and amendments thereto, upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state general fund. The state treasurer shall transfer any moneys remaining in the county and city alcoholic liquor control enforcement fund on the effective date of this act to the state general fund.


Sec. 27. This act shall take effect and be in force from and after its publication in the statute book.