AN ACT concerning alcoholic beverages; relating to the Kansas liquor
control act; retailer's licenses; creating the local cereal malt beverage
sales tax fund; amending K.S.A. 2016 Supp. 41-102, 41-301, 41-303,
41-304, 41-310, 41-311, 41-313, 41-326, 41-713 and 79-4108 and
repealing the existing sections; also repealing K.S.A. 41-103 and 41-
711 and K.S.A. 2016 Supp. 41-308.

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

New Section 1. (a) On and after July 1, 2018, all retailers' licenses to
sell alcoholic liquor issued by the director prior to such date shall be
deemed to be liquor retailer's licenses.
(b) A liquor retailer's 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.
(c) A liquor retailer's license shall permit the sale and delivery of
alcoholic liquor only on the licensed premises and shall not permit the sale
of alcoholic liquor for resale in any form, except that the licensee may:
(1) Sell alcoholic liquor to a temporary permit holder for resale by
such temporary permit holder; and
(2) Sell and deliver alcoholic liquor to a caterer or to the licensed
premises of a club or drinking establishment, if such premises is in the
county where the retailer's licensed premises is located or in an adjacent
county, for resale by such caterer, club or drinking establishment.
(d) A liquor retailer licensee may:
(1) Charge a delivery fee for delivery of alcoholic liquor to a caterer,
club or drinking establishment pursuant to subsection (b);
(2) Sell lottery tickets and shares to the public in accordance with the
Kansas lottery act, if the 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;
(4) Distribute to the public, without charge, consumer advertising
specialties bearing the 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;
(5) store alcoholic liquor in refrigerators, cold storage units, ice boxes or other cooling devices, and sell such alcoholic liquor to consumers in a chilled condition; and
(6) sell any other goods or services on the licensed premises, except that the gross sales of other goods and services shall not exceed 20% of the retailer's total gross sales.
(e) A liquor retailer's 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 liquor retailer's 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.
(f) The provisions of this section shall be a part of and supplemental to the Kansas liquor control act.

New Sec. 2. (a) On and after July 1, 2018, the director may issue to qualified applicants a wine and beer retailer's license. A wine and beer retailer's license shall allow the licensee to sell and offer for sale at retail and deliver in the original package, as therein prescribed, beer and wine for use or consumption off and away from the premises specified in such license.
(b) A wine and beer retailer's license shall permit the sale and delivery of beer and wine only on the licensed premises and shall not permit the sale of beer and wine for resale in any form except that the licensee may:
(1) Sell beer and wine to a temporary permit holder for resale by such temporary permit holder; and
(2) sell and deliver beer and wine to a caterer or to the licensed premises of a club or drinking establishment, if such premises is in the county where the retailer's licensed premises is located or in an adjacent county, for resale by such caterer, club or drinking establishment.
(c) A wine and beer retailer licensee may:
(1) Charge a delivery fee for delivery of beer and wine to a caterer, club or drinking establishment pursuant to subsection (b);
(2) sell lottery tickets and shares to the public in accordance with the Kansas lottery act, if the licensee is selected as a lottery retailer;
(3) include in the sale of beer and wine any goods included by the manufacturer in packaging with the beer and wine, subject to the approval of the director;
(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 beer or
wine;
(5) store beer and wine in refrigerators, cold storage units, ice boxes
or other cooling devices, and sell such beer and wine to consumers in a
chilled condition; and
(6) sell any other goods or services on the licensed premises.
(d) A wine and beer retailer's 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 wine and beer retailer's 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) The provisions of this section shall be a part of and supplemental
to the Kansas liquor control act.

New Sec. 3. (a) The director may propose rules and regulations
necessary to implement and administer the provisions of sections 1 and 2,
and amendments thereto, and submit such rules and regulations to the
secretary in accordance with K.S.A. 41-210, and amendments thereto.
Such rules and regulations may include, but not be limited to:
(1) On or after July 1, 2018, the number of wine and beer 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
(2) submission of applications for a wine and beer 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.
(b) Whenever practicable, the director may enter into interlocal
agreements with cities and counties under the interlocal cooperation act,
K.S.A. 12-2901 et seq., and amendments thereto, providing for local law
enforcement officers to enforce the provisions of the Kansas liquor control
act and the rules and regulations adopted thereunder.
(c) The provisions of this section shall be a part of and supplemental
to the Kansas liquor control act.

New Sec. 4. (a) From the revenue remitted to the state treasurer
pursuant to K.S.A. 79-4108, and amendments thereto, during the prior
calendar year quarter that is deposited in the state treasury, 3% 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 city and county that 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 sale tax fund shall remain intact and inviolate for the purposes set forth in K.S.A. 79-4101 et seq., and amendments thereto, and money 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.

(c) This section shall take effect on and after July 1, 2018.

Sec. 5. K.S.A. 2016 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) "Club" has the meaning provided by K.S.A. 41-2601, and amendments thereto.

(g) "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, and includes stores classified under
the North American industry classification system as NAICS 44512,
445120 or 447110 on the effective date of this act.

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

(h) (i) "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.

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

(j) (k) "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.

(k) (l) "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.

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

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

(o) "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, including, but not limited to, establishments classified
under the North American industry classification system as NAICS
445110 or 452910 on the effective date of this act.

(n) (p) "Hard cider" means any alcoholic beverage that:

(1) Contains less than 8.5% alcohol by volume;

(2) has a carbonation level that does not exceed 6.4 grams per liter;

and

(3) is obtained by the normal alcoholic fermentation of the juice of
sound, ripe apples or pears, including such beverages containing sugar
added for the purpose of correcting natural deficiencies.

(q) "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 and includes stores classified under the
North American industry classification system as NAICS 445310 on the
effectivedateofthisact.

(o) (r) "Manufacture" 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.

(p) (s) (1) "Manufacturer" means every brewer, fermenter, distiller, rectifier, wine maker, blender, processor, bottler or person who fills or refills an original package and others engaged in brewing, fermenting, distilling, rectifying or bottling alcoholic liquor, beer or cereal malt beverage.

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

(q) (t) "Microbrewery" means a brewery licensed by the director to manufacture, store and sell domestic beer and hard cider.

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

(s) (v) "Minor" means any person under 21 years of age.

(t) (w) "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.

(u) (x) "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.

(v) (y) "Person" means any natural person, corporation, partnership, trust or association.

(w) (z) "Powdered alcohol" means alcohol that is prepared in a powdered or crystal form for either direct use or for reconstitution in a nonalcoholic liquid.

(x) (aa) "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.

(y) (bb) (1) "Retailer" means a person who sells at retail, or offers for sale at retail, alcoholic liquors.

(2) "Retailer" does not include a microbrewery, microdistillery or a farm winery.

(cc) (1) "Retailer's license" means a license to sell at retail alcoholic
liquor in the original package, issued pursuant to the Kansas liquor
control act.

(2) On and after July 1, 2018, the term "retailer's license" means a
wine and beer retailer's license or liquor retailer's license, or other license
to sell at retail alcoholic liquor in the original package, issued pursuant to
the Kansas liquor control act.

(zi) (dd) "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.

(aa) (ee) "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.

(bb) (ff) "Secretary" means the secretary of revenue.

(1) (gg) (1) "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.
(2) "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.

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

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

(jj) "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.

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

(ll) "Temporary permit" has the meaning provided by K.S.A. 41-
2601, and amendments thereto.
"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. The term "wine" shall include hard cider and any other product that is commonly known as a subset of wine.

Sec. 6. K.S.A. 2016 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 at retail 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. 7. K.S.A. 2016 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 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. 8. On and after July 1, 2018, K.S.A. 2016 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) wine and beer retailer's license; (f) liquor retailer's license; (g) microbrewery license; (h) microdistillery license; (i) farm winery license; and (j) nonbeverage user's license.

Sec. 9. On and after July 1, 2018, K.S.A. 2016 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) The fee for a retailer's license shall be $500 $1,500 for a wine and
beer retailer's license and $1,000 for a liquor retailer's license.

(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. 10. On and after July 1, 2018, K.S.A. 2016 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;
(14) who does not provide any data or information required by
K.S.A. 2016 Supp. 41-311b, and amendments thereto; or
(15) who, after a hearing before the director, has been found to have
held an undisclosed beneficial interest in any license issued pursuant to the
liquor control act which was obtained by means of fraud or any false
statement made on the application for such license.
(b) (1) No retailer's license shall be issued to a:
(1) A person who is not a resident of this state;
(2) a person who has not been a resident of this state for at least four
years immediately preceding the date of application;
(3) a person who has a beneficial interest in a manufacturer,
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distributor, farm winery or microbrewery 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;

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

(6) a corporation; 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.

(A) Person who has a beneficial interest in a manufacturer, distributor, farm winery or microbrewery 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

(B) corporation, if any officer, director or manager of the licensed premises, or any stockholder owning in the aggregate more than 15% 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.

(2) No wine and beer retailer's license shall be issued 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.

(3) No liquor retailer's license shall be issued 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 a beneficial interest in a manufacturer or distributor licensed under this act, except as provided in K.S.A. 41-305, and amendments thereto;

(3) 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;

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

(5) 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

(6) 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), (b)(2), (c)(3), (c)(4), (d)(3), (f)(1) and K.S.A. 2016 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. 11. K.S.A. 2016 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 filed a formation document with 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. 12. K.S.A. 2016 Supp. 41-326 is hereby amended to read as
follows: 41-326. (a) A license shall be purely a personal privilege; and
shall not constitute property. A license shall be valid for a period not to
exceed two years after issuance, except as otherwise provided by law,
except as provided by K.S.A. 41-310(m), and amendments thereto, unless
sooner suspended, involuntarily canceled or revoked, and shall not
constitute property, nor shall it be subject to attachment, garnishment or execution, nor shall it and 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.

(b) 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. 13. K.S.A. 2016 Supp. 41-713 is hereby amended to read as follows: 41-713. (a) It shall be unlawful for a retailer of alcoholic liquor:

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

2. To employ any person under the age of 21 years in connection with the operation of such retail establishment authorize or allow any person under the age of 18 years to sell at retail any alcoholic liquor at the point of sale or to stock or handle alcoholic liquor; or

3. To employ any person in connection with the operation of such retail establishment 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.

(b) 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. 2016 Supp. 41-308d, and amendments thereto.

(c) A person who sells or handles alcoholic liquor on a retailer's licensed premises shall not be in violation of K.S.A. 41-727, and amendments thereto.

Sec. 14. K.S.A. 2016 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 3, 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. 15. K.S.A. 41-103 and 41-711 and K.S.A. 2016 Supp. 41-102, 41-301, 41-303, 41-313, 41-326, 41-713 and 79-4108 are hereby repealed.

Sec. 16. On and after July 1, 2018, K.S.A. 2016 Supp. 41-304, 41-308, 41-310 and 41-311 are hereby repealed.

Sec. 17. This act shall take effect and be in force from and after its publication in the statute book.