

HOUSE BILL No. 2731

By Committee on Federal and State Affairs

2-8

1 AN ACT concerning alcoholic beverages; relating to the licensure of
2 manufacturers and drinking establishments; amending K.S.A. 41-2632
3 and K.S.A. 2017 Supp. 41-2623 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 2017 Supp. 41-2623 is hereby amended to read as
7 follows: 41-2623. (a) No license shall be issued under the provisions of
8 this act to:

9 (1) Any person described in K.S.A. 41-311(a)(1), (2), (4), (5), (6),
10 (7), (8), (9), (12), (13) or (15), and amendments thereto, except that the
11 provisions of subsection (a)(7) of such section shall not apply to nor
12 prohibit the issuance of a license for a class A club to an officer of a post
13 home of a congressionally chartered service or fraternal organization, or a
14 benevolent association or society thereof.

15 (2) A person who has had the person's license revoked for cause
16 under the provisions of this act.

17 (3) A person who has not been a resident of this state for a period of
18 at least one year immediately preceding the date of application.

19 (4) A person who has a beneficial interest in the manufacture,
20 preparation or wholesaling or the retail sale of alcoholic liquors or a
21 beneficial interest in any other club, drinking establishment or caterer
22 licensed hereunder, except that:

23 (A) A license for premises located in a hotel may be granted to a
24 person who has a beneficial interest in one or more other clubs or drinking
25 establishments licensed hereunder if such other clubs or establishments are
26 located in hotels.

27 (B) A license for a club or drinking establishment which is a
28 restaurant may be issued to a person who has a beneficial interest in other
29 clubs or drinking establishments which are restaurants.

30 (C) A caterer's license may be issued to a person who has a beneficial
31 interest in a club or drinking establishment and a license for a club or
32 drinking establishment may be issued to a person who has a beneficial
33 interest in a caterer.

34 (D) A license for a class A club may be granted to an organization of
35 which an officer, director or board member is a distributor or retailer
36 licensed under the liquor control act if such distributor or retailer sells no

1 alcoholic liquor to such club.

2 (E) Any person who has a beneficial interest in a microbrewery,
3 microdistillery or farm winery licensed pursuant to the Kansas liquor
4 control act may be issued any or all of the following: ~~(1)~~ (i) Class B club
5 license; ~~(2)~~ (ii) drinking establishment license; and ~~(3)~~ (iii) caterer's
6 license.

7 (F) *Any person who has a beneficial interest in the manufacture of*
8 *alcoholic liquor and holds a license pursuant to the Kansas liquor control*
9 *act may be issued a drinking establishment license or a drinking*
10 *establishment/caterer license, provided no alcoholic liquor manufactured*
11 *by such manufacturer licensee shall be sold by such manufacturer licensee*
12 *on the premises of the licensed drinking establishment or by the drinking*
13 *establishment/caterer licensee unless acquired from a distributor or*
14 *retailer licensed under the Kansas liquor control act.*

15 (5) A copartnership, unless all of the copartners are qualified to
16 obtain a license.

17 (6) A corporation, if any officer, manager or director thereof, or any
18 stockholder owning in the aggregate more than 5% of the common or
19 preferred stock of such corporation would be ineligible to receive a license
20 hereunder for any reason other than citizenship and residence
21 requirements.

22 (7) A corporation, if any officer, manager or director thereof, or any
23 stockholder owning in the aggregate more than 5% of the common or
24 preferred stock of such corporation, has been an officer, manager or
25 director, or a stockholder owning in the aggregate more than 5% of the
26 common or preferred stock, of a corporation which:

27 (A) Has had a license revoked under the provisions of the club and
28 drinking establishment act; or

29 (B) has been convicted of a violation of the club and drinking
30 establishment act or the cereal malt beverage laws of this state.

31 (8) A corporation organized under the laws of any state other than this
32 state.

33 (9) A trust, if any grantor, beneficiary or trustee would be ineligible to
34 receive a license under this act for any reason, except that the provisions of
35 K.S.A. 41-311(a)(6), and amendments thereto, shall not apply in
36 determining whether a beneficiary would be eligible for a license.

37 (b) No club or drinking establishment license shall be issued under
38 the provisions of the club and drinking establishment act to:

39 (1) A person who does not own the premises for which a license is
40 sought, or does not, at the time the application is submitted, have a written
41 lease thereon, except that an applicant seeking a license for a premises
42 which is owned by a city or county, or is a stadium, arena, convention
43 center, theater, museum, amphitheater or other similar premises may

1 submit an executed agreement to provide alcoholic beverage services at
2 the premises listed in the application in lieu of a lease.

3 (2) A person who is not a resident of the county in which the
4 premises sought to be licensed are located.

5 Sec. 2. K.S.A. 41-2632 is hereby amended to read as follows: 41-
6 2632. (a) As used in this section: (1) The word "distributor" means a
7 person, firm, association or corporation which is the holder of an alcoholic
8 liquor distributor's license issued under the Kansas liquor control act; (2)
9 the word "retailer" means a person, copartnership or association which is
10 the holder of a retailer's license issued under the Kansas liquor control act;
11 and (3) the word "manufacturer" shall have the meaning ascribed to it by
12 K.S.A. 41-102, and amendments thereto.

13 (b) It shall be unlawful for a distributor of alcoholic liquor, or a
14 manufacturer, or any officer, agent or employee thereof, to influence,
15 coerce or induce or attempt to influence, coerce or induce, either directly
16 or indirectly, any holder of a license issued under this act, or any officer,
17 agent or employee of the holder of such a license, to: (1) Purchase any
18 particular brand or kind of alcoholic liquor to be dispensed by the licensee,
19 except that a distributor or manufacturer may provide to a licensee
20 information regarding the availability of brands in the market and things of
21 value as authorized by ~~subsection (d) of~~ K.S.A. 41-703(d), and
22 amendments thereto; or (2) purchase from a particular retailer alcoholic
23 liquor to be dispensed by the licensee.

24 (c) Violation of this section is a misdemeanor punishable by a fine of
25 not less than \$100 nor more than \$1,000 or by imprisonment for not more
26 than six months, or by both.

27 (d) *The provisions of this section shall not apply to any manufacturer*
28 *who holds a drinking establishment license or a drinking*
29 *establishment/caterer license with respect to purchases made by such*
30 *drinking establishment or drinking establishment/caterer.*

31 Sec. 3. K.S.A. 41-2632 and K.S.A. 2017 Supp. 41-2623 are hereby
32 repealed.

33 Sec. 4. This act shall take effect and be in force from and after its
34 publication in the statute book.