

SESSION OF 2018

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2362

As Amended by Senate Committee on Federal
and State Affairs

Brief*

HB 2362, as amended, would amend liquor license fees by creating a \$20 alcoholic beverage control (ABC) modernization fee to be charged on both initial and renewal liquor license applications. The bill would reduce the initial application fee for a liquor license from \$50 to \$30 plus the \$20 modernization fee. The \$20 modernization fee also would be added to the renewal application fee, which would remain at \$10.

The revenue from the \$20 fee would be deposited in the ABC Modernization Fund created by the bill, to be used for the software and equipment upgrades associated with the Department of Revenue's (Department's) licensing, permitting, enforcement, and case management.

Background

The bill was introduced in the House Appropriations Committee, at the request of the Department. In the House Committee hearing, on March 15, 2017, the Director of the Division of Alcoholic Beverage Control (ABC) and a representative of the Kansas Wine and Spirits Wholesalers Association appeared in support of the bill, stating improving the Department's ABC technology is important in achieving the industry's and the Division's common objectives. Additionally, the Director of ABC indicated the current

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

computer system is at risk due to lack of upgrades in the past 32 months, and a malfunction of the system could be costly.

During the 2017 Legislative Session, the House Committee on Appropriations amended the bill by adding a provision to sunset the modernization fee on June 30, 2022, and revert the initial application fee to \$50 on or after July 1, 2022.

In the Senate Committee hearing held on January 30, 2018, the Director of ABC, the Executive Director of the Kansas Association of Beverage Retailers, and a representative of the Kansas Wine and Spirits Wholesalers Association appeared in support of the bill, stating the current computer system had not received any updates in 42 months, and improving and maintaining the Department's Division of ABC's technology was important to achieve the common objectives of both the industry and the Division.

On January 30, 2018, the Senate Committee on Federal and State Affairs amended the bill by removing the provision to sunset the modernization fee on June 30, 2022.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department indicates reducing the initial application fee to \$30 would reduce State General Fund revenues by approximately \$12,000. The Department also indicates there are 4,011 active liquor licenses renewed every two years. The new fee would raise approximately \$40,000 per year. The Department further indicates the bill would require \$1,740 for implementation costs in FY 2018. Any fiscal effect associated with the bill is not reflected in the *FY 2018 Governor's Budget Report*.