

## REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

The Committee on **Federal and State Affairs** recommends **HB 2059**, As Amended by House Committee, be amended on page 1, following line 6, by inserting:

"Section 1. K.S.A. 41-306 is hereby amended to read as follows: 41-306. A spirits distributor's license, shall allow:

(a) The wholesale purchase, importation and storage of spirits, but all such spirits so purchased or imported which are manufactured in the United States shall be purchased from the primary American source of supply or from another licensed spirits distributor, except that a licensed spirits distributor may purchase confiscated spirits at a sheriff's sale.

(b) The sale of spirits to:

(1) Spirits distributors licensed in this state;

(2) retailers licensed in this state, except that such distributor shall sell a brand of spirits only to those retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto; and

(3) such persons located outside such territory or outside this state as permitted by law.

(c) The purchase of spirits in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such spirits shall be sealed, labeled and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of spirits by manufacturers and with all federal rules, regulations and laws.

(d) The storage and delivery to a retailer licensed under the Kansas liquor control act or

a retailer licensed under K.S.A. 41-2702, and amendments thereto, on the distributor's licensed premises, of alcoholic liquor or cereal malt beverage of another licensed distributor authorized by law to sell such alcoholic liquor or cereal malt beverage to such retailer, in accordance with an agreement entered into with such other distributor and approved by the director.

(e) The storage and delivery to a public venue licensed under the club and drinking establishment act of alcoholic liquor purchased by the public venue licensee from a retailer authorized by law to sell such alcoholic liquor to such public venue licensee.

(f) The withdrawal of spirits from such licensee's inventory for use as samples in the course of the business of the distributor or at industry seminars. Samples may only be provided to persons licensed as a distributor or a retailer under the Kansas liquor control act, and such person's employees or to persons licensed under the club and drinking establishment act and such persons' employees. Samples may be served on the licensed premises of the licensee, or on the premises of a licensed retailer, ~~provided except that~~ no sample shall be served on that portion of the premises of a licensed retailer that is open to the public and where sales of alcoholic liquor at retail are made. Only products that have not been purchased from the distributor licensee by the retailer or club and drinking establishment act licensee within the previous 12 months may be provided for sampling pursuant to this subsection. No sample shall be provided to any minor. Nothing in this subsection shall be construed to permit the licensee to sell any alcoholic liquor for consumption on the premises. The withdrawal of spirits shall be subject to the tax imposed by K.S.A. 79-4101 et seq., and amendments thereto, based on the applicable current posted bottle or case price. For purposes of ~~providing samples pursuant to this subsection other than at industry seminars or to the licensee's employees, the term "sample" shall have the same meaning as that term is defined in K.S.A. 41-2601, and amendments thereto~~ this subsection, "sample" means not more than three liters of distilled spirits.

Sec. 2. K.S.A. 41-306a is hereby amended to read as follows: 41-306a. A wine distributor's license shall allow:

(a) The wholesale purchase, importation and storage of wine, but all wine so purchased or imported which is manufactured in the United States shall be purchased from the primary American source of supply or from another licensed wine distributor, except that a licensed wine distributor may purchase confiscated wine at a sheriff's sale.

(b) The sale of wine to:

(1) Wine distributors licensed in this state;

(2) retailers licensed in this state, except that such distributor shall sell a brand of wine only to those retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto; and

(3) such persons located outside such territory or outside this state as permitted by law.

(c) The sale of wine, but only in barrels, casks and other bulk containers, to:

(1) Licensed caterers; and

(2) public venues, clubs and drinking establishments licensed in this state, except that such distributor shall sell a brand of wine only to such public venues, clubs and drinking establishments the licensed premises of which are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto.

(d) The purchase of wine in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such wine shall be sealed, labeled and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of wine by manufacturers and with all federal rules, regulations and laws.

(e) The storage and delivery to a retailer licensed under the Kansas liquor control act or a retailer licensed under K.S.A. 41-2702, and amendments thereto, on the distributor's licensed premises, of alcoholic liquor or cereal malt beverage of another licensed distributor authorized by law to sell such alcoholic liquor or cereal malt beverage to such retailer, in accordance with an agreement entered into with such other distributor and approved by the director.

(f) The withdrawal of wine from such licensee's inventory for use as samples in the course of the business of the distributor or at industry seminars. Samples may only be provided to persons licensed as a distributor or a retailer under the Kansas liquor control act, and such person's employees, or to persons licensed under the club and drinking establishment act, and such person's employees. Samples may be served on the licensed premises of the licensee, or on the premises of a licensed retailer, provided no sample shall be served on that portion of the premises of a licensed retailer that is open to the public and where sales of alcoholic liquor at retail are made. Samples may be served on the premises of a licensee holding a license issued under the club and drinking establishment act, provided no sample shall be served on that portion of the premises that is open to the public and where sales of alcoholic liquor are made. Only products that have not been purchased from the distributor licensee by the retailer or club and drinking establishment licensee within the previous 12 months may be provided for sampling pursuant to this subsection. No sample shall be provided to any minor. Nothing in this subsection shall be construed to permit the licensee to sell any alcoholic liquor for consumption on the premises. The withdrawal of wine shall be subject to the tax imposed by K.S.A. 79-4101 et seq., and amendments thereto, based on the applicable current posted bottle or case price. For purposes of providing samples pursuant to this subsection other than at industry seminars or to the licensee's employees, the term of this subsection, "sample" shall have the same meaning as that term is defined in K.S.A. 41-2601, and amendments thereto means not more than three liters

of any brand of wine.

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

Sec. 3. K.S.A. 41-307 is hereby amended to read as follows: 41-307. A beer distributor's license shall allow:

(a) The wholesale purchase, importation and storage of beer.

(b) The sale of beer to:

(1) Licensed caterers;

(2) beer distributors licensed in this state;

(3) retailers, public venues, clubs and drinking establishments, licensed in this state, except that such distributor shall sell a brand of beer only to those retailers, public venues, clubs and drinking establishments of which the licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto; and

(4) such persons located outside such territory or outside this state as permitted by law.

(c) The sale of cereal malt beverage to:

(1) Beer distributors licensed in this state;

(2) clubs and drinking establishments, licensed in this state, and retailers licensed under K.S.A. 41-2702, and amendments thereto, except that such distributor shall sell a brand of cereal malt beverage only to those such clubs, drinking establishments and retailers of which the licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto;

(3) retailers; and

(4) such persons located outside such territory or outside this state as permitted by law.

(d) The sale of beer containing not more than 6% alcohol by volume to cereal malt beverage retailers licensed pursuant to K.S.A. 41-2702, and amendments thereto.

(e) The purchase of cereal malt beverage in kegs or other bulk containers and the bottling or canning thereof in accordance with law.

(f) The storage and delivery to a retailer licensed under the Kansas liquor control act or a retailer licensed under K.S.A. 41-2702, and amendments thereto, on the distributor's licensed premises, of alcoholic liquor or cereal malt beverage of another licensed distributor authorized by law to sell such alcoholic liquor or cereal malt beverage to such retailer, in accordance with an agreement entered into with such other distributor and approved by the director.

(g) The storage and delivery, with proper invoicing in accordance with rules and regulations adopted by the secretary, on the premises of a public venue licensee, of beer sold to or available for purchase by the public venue during an event.

(h) The withdrawal of beer or cereal malt beverage from such licensee's inventory for use as samples in the course of the business of the distributor or at industry seminars. Samples may only be provided to persons licensed as a distributor or a retailer under the Kansas liquor control act, and such person's employees, or to persons licensed under the club and drinking establishment act, and such person's employees. Samples may be served on the licensed premises of the licensee, or on the premises of a licensed retailer, provided no sample shall be served on that portion of the premises of a licensed retailer that is open to the public and where sales of alcoholic liquor at retail are made. Samples may be served on the premises of a licensee holding a license issued under the club and drinking establishment act, provided no sample shall be served on that portion of the premises that is open to the public and where sales of alcoholic liquor are made. Only products that have not been purchased from the distributor licensee by the retailer or club and drinking establishment act licensee within the previous 12 months may be

provided for sampling pursuant to this subsection. No sample shall be provided to any minor. Nothing in this subsection shall be construed to permit the licensee to sell any alcoholic liquor for consumption on the premises. The withdrawal of beer or cereal malt beverage shall be subject to the tax imposed by K.S.A. 79-4101 et seq., and amendments thereto, based on the applicable current posted bottle or case price. For purposes of ~~providing samples pursuant to this subsection other than at industry seminars or to the licensee's employees, the term~~ this subsection, "sample" shall have the same meaning as that term is defined in K.S.A. 41-2601, and amendments thereto means not more than three gallons of any brand of beer or cereal malt beverage.";

Also on page 1, in line 7, before "K.S.A" by inserting "On and after July 1, 2023,";

On page 3, following line 12, by inserting:

"Sec. 5. K.S.A. 41-306, 41-306a and 41-307 are hereby repealed.";

Also on page 3, in line 13, before "K.S.A" by inserting "On and after July 1, 2023,"; in line 15, by striking "statute book" and inserting "Kansas register";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, after the semicolon by inserting "relating to spirits, wine and beer distributors; regulating samples;"; in line 3, after "K.S.A." by inserting "41-306, 41-306a, 41-307 and"; in line 4, by striking "section" and inserting "sections"; and the bill be passed as amended.

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Chairperson