



**Kansas Restaurant and Hospitality Association
Testimony Supporting
House Bill 2766
Scott J. Schneider J.D.
Senate Federal and State Affairs Committee
Thursday March 18, 2018**

Chair and members of the committee, the Kansas Restaurant and Hospitality Association supports House Bill 2766 but believes several issues should be addressed if passed. In years past, self-serve alcohol legislation has been considered and the KRHA has supported those efforts. We believe these machines can help manage labor costs and provide for more consumer options when purchasing beer. While we support the bill, we are also mindful of our other members who hold nearly 1200 of the 2440 Kansas alcohol licenses. Our purpose for proposing these amendments is to maintain a balanced regulatory scheme to protect the public, consumer and our member businesses.

The Kansas Restaurant and Hospitality Association ("KRHA") is the leading business association and advocate for the restaurant and hospitality industries in Kansas. Originally founded in 1929 as the Kansas Restaurant Association, the KRHA serves Kansas' restaurants, hotels, motels, country clubs, private clubs and allied businesses by promoting quality food and services, providing education, a workers compensations self insurance fund, and other beneficial resources to its members, their employees, government, media, and other interested parties.

Together, the restaurant and hospitality industries have a significant impact on the economy of Kansas. In 2014, these industries employed approximately 170,100 persons. In 2016, these industries accounted for approximately 3% of the Kansas gross domestic product, generating sales of \$3.926 billion. This was an increase of \$979 million from 2011.

Kansas policy makers over the years have been very balanced and thoughtful to ensure the public is protected against the negative impacts of alcohol consumption and the positive benefits of consumer freedoms and maintaining business viability.

The KRHA respectfully recommends an amendment clarifying the face-to-face server requirements and edit and place the current rules and regulation found at K.A.R. 14-19-40 into this bill. ***These amendments were also included in Senate Bill 433 and we encourage taking the same approach.*** This amendment would create clearer legislative intent and in our opinion, better public policy. Additionally, it will provide guidance to the businesses and the public who choose to use these devices. I have included the regulation below.

Thank you for your consideration of this legislation, we stand in support and I will additionally stand for any questions at the appropriate time

Kansas Administrative Regulations <small>Currentness</small>
Agency 14. Department of Revenue - Division of Alcoholic Beverage Control
Article 19. Class a Clubs

K.A.R. 14-19-40

14-19-40. Class A clubs; automated devices.

(a)(1) "Automated device" shall mean any mechanized device capable of dispensing wine directly to a customer in exchange for compensation that a licensee has received directly from the customer.

(2) "Business day" shall mean the hours authorized by state law during which alcohol can be served on the licensed premises.

(b) No licensee shall allow an automated device to be used on its licensed premises without first providing written or electronic notification to the director of the licensee's intent to use the automated device. The licensee shall provide this notification at least 48 hours before any automated device is used on the licensed premises.

(c) Each licensee offering customer self-service of wine from any automated device shall provide constant video monitoring of the automated device at all times during which the licensee is open to the public. The licensee shall keep recorded footage from the video monitoring for at least 60 days and shall provide the footage, upon request, to any agent of the director or other authorized law enforcement agent.

(d) The compensation required by subsection (a) shall be in the form of a programmable, prepaid access card containing a fixed amount of monetary credit that may be directly exchanged for wine dispensed from the automated device. Access cards may be sold, used, or reactivated only during a business day.

Each access card shall be purchased from the licensee by a customer. A licensee shall not issue more than one active access card to a customer. For purposes of this regulation, an

access card shall be deemed “active” if the access card contains monetary credit or has not yet been used to dispense 15 ounces of wine.

Each purchase of an access card under this regulation shall be subject to the liquor drink tax imposed by K.S.A. 79-41a02, and amendments thereto.

(e) In order to obtain a prepaid access card from a licensee, each customer shall produce a valid driver’s license, identification card, or other government-issued document that contains a photograph of the individual and demonstrates that the individual is at least 21 years of age. Each access card shall be programmed to require the production of the customer’s valid identification before the access card can be used for the first time during any business day or for any subsequent reactivation as provided in subsection (f). Each access card shall become inactive at the end of each business day.

(f) Each access card shall be programmed to allow the dispensing of no more than 15 ounces of wine to a customer. Once an access card has been used to dispense 15 ounces of wine to a customer, the access card shall become inactive. Any customer in possession of an inactive access card may, upon production of the customer’s valid identification to the licensee or licensee’s employee, have the access card reactivated to allow the dispensing of an additional 15 ounces of wine from an automated device.

This subsection shall not apply to wine dispensed by an automated device if the wine is dispensed directly to the licensee or the licensee’s agent or employee.

Credits

(Authorized by K.S.A. 2014 Supp. 41-2640, as amended by 2015 HB 2223, sec. 5; implementing K.S.A. 2014 Supp. 41-2640, as amended by 2015 HB 2223, sec. 5, and K.S.A. 2014 Supp. 79-41a02; effective, T-14-7-1-15, July 1, 2015; effective Oct. 9, 2015.)

Current through Volume 37, No. 6, February 8, 2018

K.A.R. 14-19-40, KS ADC 14-19-40
