

As Amended by House Committee

Session of 2018

HOUSE BILL No. 2470

By Committee on Federal and State Affairs

1-16

1 AN ACT concerning alcoholic beverages; dealing with microbreweries;
2 amending K.S.A. 2017 Supp. 41-308b and repealing the existing
3 section.
4

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

6 Section 1. K.S.A. 2017 Supp. 41-308b is hereby amended to read as
7 follows: 41-308b. (a) A microbrewery license shall allow:

8 (1) The manufacture of not less than 100 nor more than 60,000
9 barrels of domestic beer during the calendar year and the storage thereof,
10 if, however, the licensee holds a 10% or greater ownership interest in one
11 or more entities that also hold a microbrewery license, then the aggregate
12 number of barrels of domestic beer manufactured by all such licensees
13 with such common ownership shall not exceed the 60,000 barrel limit;

14 (2) the manufacture in the aggregate of not more than 100,000 gallons
15 of hard cider during the calendar year and the storage thereof;

16 (3) the sale to beer distributors of beer and the sale to wine
17 distributors of hard cider, manufactured by the licensee;

18 (4) the sale, on the licensed premises in the original unopened
19 container to consumers for consumption off the licensed premises, of beer
20 and hard cider manufactured by the licensee;

21 (5) the serving free of charge on the licensed premises and at special
22 events, monitored and regulated by the division of alcoholic beverage
23 control, of samples of beer and hard cider manufactured by the licensee, if
24 the premises are located in a county where the sale of alcoholic liquor is
25 permitted by law in licensed drinking establishments;

26 (6) if the premises is also licensed as a club or drinking
27 establishment, the sale and transfer of domestic beer to such club or
28 drinking establishment and the sale of domestic beer and other alcoholic
29 liquor for consumption on the licensed premises as authorized by the club
30 and drinking establishment act;

31 (7) if the premises is also licensed as a caterer, the sale of domestic
32 beer and other alcoholic liquor for consumption on unlicensed premises as
33 authorized by the club and drinking establishment act; ~~and~~

34 (8) if the licensee holds a 10% or greater ownership interest in one or
35 more entities that also hold a microbrewery license, the domestic beer may
36 be manufactured and transferred for sale or storage among such

1 microbrewery licensees with such common ownership; and

2 **(9) the transfer of beer and hard cider manufactured by the**
3 **licensee pursuant to a contract entered into in accordance with**
4 **subsection (b) to the contracting microbrewery.**

5 (b) (1) *A microbrewery may contract with one or more*
6 *microbreweries for the purpose of manufacturing beer or hard cider for*
7 *such other microbreweries. A microbrewery located in this state may*
8 *manufacture and package beer and hard cider for a microbrewery*
9 *located within or outside of Kansas.*

10 (2) *A microbrewery manufacturing beer or hard cider for another*
11 *microbrewery shall be responsible for complying with all federal and state*
12 *laws dealing with the manufacturing of beer and hard cider, including*
13 *labeling laws, and shall be responsible for the payment of all federal and*
14 *state taxes on the beer and hard cider.*

15 (3) *Each party engaged in a contract brewing agreement must count*
16 *the total amount of barrels-brewed and gallons manufactured as part of*
17 *the agreement and include that total amount as part of their allowed*
18 *aggregate total as provided in subsection (a).*

19 ~~(4) Beer manufactured by a contract brewer for a microbrewery may~~
20 ~~be returned to the manufacturing microbrewery.~~

21 (c) Not less than 30% of the products utilized in the manufacture of
22 hard cider by a microbrewery shall be grown in Kansas except when a
23 lesser proportion is authorized by the director based upon the director's
24 findings and judgment. The production requirement of this subsection shall
25 be determined based on the annual production of domestic hard cider.

26 (e)(d) Upon application and payment of the fee prescribed by K.S.A.
27 41-310, and amendments thereto, by a microbrewery licensee, the director
28 may issue not to exceed one microbrewery packaging and warehousing
29 facility license to the microbrewery licensee. A microbrewery packaging
30 and warehousing facility license shall allow:

31 (1) The transfer, from the licensed premises of the microbrewery to
32 the licensed premises of the microbrewery packaging and warehousing
33 facility, of beer and hard cider manufactured by the licensee, for the
34 purpose of packaging or storage, or both;

35 (2) the transfer, from the licensed premises of the microbrewery
36 packaging and warehousing facility to the licensed premises of any
37 microbrewery of such licensee, of beer manufactured by the licensee;

38 (3) the removal from the licensed premises of the microbrewery
39 packaging and warehousing facility of beer manufactured by the licensee
40 for the purpose of delivery to a licensed beer wholesaler; and

41 (4) the removal from the licensed premises of the microbrewery
42 packaging and warehousing facility of hard cider manufactured by the
43 licensee for the purpose of delivery to a licensed wine distributor.

1 ~~(d)~~(e) A microbrewery may sell domestic beer in the original
2 unopened container to consumers for consumption off the licensed
3 premises at any time between 6 a.m. and 12 midnight on any day except
4 Sunday and between 11 a.m. and 7 p.m. on Sunday. If authorized by
5 subsection (a), a microbrewery may serve samples of domestic beer and
6 serve and sell domestic beer and other alcoholic liquor for consumption on
7 the licensed premises at any time when a club or drinking establishment is
8 authorized to serve and sell alcoholic liquor.

9 ~~(e)~~(f) The director may issue to the Kansas state fair or any bona fide
10 group of brewers a permit to import into this state small quantities of beer.
11 Such beer shall be used only for bona fide educational and scientific
12 tasting programs and shall not be resold. Such beer shall not be subject to
13 the tax imposed by K.S.A. 41-501, and amendments thereto. The permit
14 shall identify specifically the brand and type of beer to be imported, the
15 quantity to be imported, the tasting programs for which the beer is to be
16 used and the times and locations of such programs. The secretary shall
17 adopt rules and regulations governing the importation of beer pursuant to
18 this subsection and the conduct of tasting programs for which such beer is
19 imported.

20 ~~(f)~~(g) A microbrewery license or microbrewery packaging and
21 warehousing facility license shall apply only to the premises described in
22 the application and in the license issued and only one location shall be
23 described in the license.

24 ~~(g)~~(h) No microbrewery shall:

25 (1) Employ any person under the age of 18 years in connection with
26 the manufacture, sale or serving of any alcoholic liquor;

27 (2) permit any employee of the licensee who is under the age of 21
28 years to work on the licensed premises at any time when not under the on-
29 premises supervision of either the licensee or an employee of the licensee
30 who is 21 years of age or over;

31 (3) employ any person under 21 years of age in connection with
32 mixing or dispensing alcoholic liquor; or

33 (4) employ any person in connection with the manufacture or sale of
34 alcoholic liquor if the person has been convicted of a felony.

35 ~~(h)~~(i) Whenever a microbrewery licensee is convicted of a violation
36 of the Kansas liquor control act, the director may revoke the licensee's
37 license and all fees paid for the license in accordance with the Kansas
38 administrative procedure act.

39 Sec. 2. K.S.A. 2017 Supp. 41-308b is hereby repealed.

40 Sec. 3. This act shall take effect and be in force from and after its
41 publication in the statute book.