

SESSION OF 2018

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2766**

As Recommended by House Committee on
Federal and State Affairs

Brief*

Sub. for HB 2766 would allow licensed public venues, clubs, and drinking establishments to provide self-service beer to customers from automated devices in the same manner as is permitted for wine under current law, so long as the licensee monitors the dispensing of beer and can control such dispensing.

Definitions

The bill would define an “automated device” as any mechanized device capable of dispensing wine or beer directly to a customer in exchange for compensation that a licensee has received directly from a customer.

The bill would also define the term “day” to mean 6:00 a.m. until 2:00 a.m. the following calendar day.

Notice

A licensee would be required to provide written or electronic notice to the Director of Alcoholic Beverage Control (ABC) of a licensee’s intent to use an automated device at least 48 hours before the automated device is used on the licensed premises.

*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>

Video Monitoring

The bill would require any licensee offering self-service beer or wine from any automated device to provide constant video monitoring of the automated devices at all times the licensee is open to the public. The licensee would be required to maintain the recorded footage for at least 60 days and, if requested, provide the footage to any agent of the Director of ABC or other authorized law enforcement agent.

Access Card

Under the bill, compensation would be in the form of a prepaid access card containing a fixed monetary amount that can be directly exchanged for beer or wine from an automated device. The access cards could be sold, used, or reactivated only during the business day. The cards would be purchased from the licensee by a customer and a licensee could issue only one active card to a customer. An access card would be considered active if the access card contains monetary credit or has not yet been used to dispense 15 ounces of wine or 32 ounces of beer. The purchase of an access card would be subject to the liquor drink tax.

A customer would be required to show a valid driver's license, identification card, or other government-issued document that contains a photograph of the customer and indicates the customer is at least 21 years of age. The bill would require each access card to be programmed to require the customer show identification before the access card could be used for the first time during any business day or for any subsequent reactivation.

The bill would require that access cards become inactive at the end of each business day. The access card would also become inactive if it were used to dispense 15 ounces of wine or 32 ounces of beer. A customer would be able to reactivate the access card to allow an additional 15

ounces of wine or 32 ounces of beer by showing identification to the licensee or licensee's employee.

Service Hours

Current law prohibits public venues, clubs, or drinking establishments from allowing the serving, mixing, or consumption of alcohol on its premises between 2:00 a.m. and 9:00 a.m. The bill would amend the prohibited service period to last from 2:00 a.m. to 6:00 a.m.

Other Provisions

The bill would require the Secretary of Revenue to adopt rules and regulations to implement the provisions of the bill by January 1, 2019.

The bill would also state that all current laws and rules and regulations concerning the sale of alcohol to individuals under 21 years of age would apply to the sales transaction of the access card.

Background

As introduced and heard by the House Committee on Federal and State Affairs, HB 2766 would have amended law by allowing beer to be dispensed from automated devices on licensed premises.

The House Committee recommended the original contents of HB 2766 be replaced with a substitute bill containing the language of SB 433, as amended by the Senate Committee on Federal and State Affairs. [*Note:* At the time of the House Committee action, SB 433 was scheduled for final action in the Senate.] Further background information regarding SB 433 is provided below.

No fiscal note was available for the substitute bill at the time the House Committee took action.

SB 433

The bill was introduced by the Senate Committee on Federal and State Affairs. In the Senate Committee hearing, proponent testimony was presented by representatives of Brew Bank, Downtown Topeka Inc., Greater Topeka Chamber of Commerce, and the Kansas Restaurant and Hospitality Association. Proponents stated the majority of states allow automated dispensers and the bill would help promote Kansas brewers and local development. Written-only proponent testimony was provided by AIM Strategies, LLC, and a representative of Brew Bank. No other testimony was provided.

Neutral testimony was presented by the Director of ABC and a representative of the Kansas Licensed Beverage Association.

The Senate Committee amended the bill to include the definitions of “automated device” and “day.” The amendments also included provisions related to notifications to the Director of ABC for intent to use an automated device by a licensee; video monitoring of automated devices during business hours and storage of recorded footage; the purchase, activation, and deactivation provisions related to access cards; and establishing certain hours when alcohol cannot be served, mixed, or consumed in a public venue, club, or drinking establishment.

According to the fiscal note prepared by the Division of the Budget on SB 433, as introduced, the Department of Revenue estimates the bill would not have a fiscal effect on the agency or state revenues.