

Nick Jordan, Secretary  
Doug Jorgensen, Director

Sam Brownback, Governor

Senate Federal & State Affairs Committee  
SB 274

Testimony of  
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Good morning Mr. Chairman and members of the committee. I thank you for the opportunity to appear here today to present testimony on SB 274.

KDOR does not oppose the passage of SB 274. However, the department feels the bill, as proposed, is contradictory. On page 3, lines 9-10, the bill proposes that the temporary permit for a special event shall be valid for the duration of the event. But in the next sentence, lines 10-11, the bill proposes that the temporary permit for a special event shall be issued for a period of time not to exceed 10 consecutive days. These two statements are contradictory.

The department also questions the bill's language in line 7 on page 3, concerning the issuance of one temporary permit for a special event. Does that mean the director may issue only one such permit during the calendar year? Or is it intended that the director may issue a permit for any one or more special events conducted throughout the year? If it is intended that the director may issue more than one such permit during the year, that should be reflected in the bill.

The department also proposes to allow the Director oversight of the term of a temporary permit.

The department therefore suggests the bill be amended as follows:

Section 1, subsection (f)(3):

*(3) The director may issue ~~one~~ a temporary permit for a special event approved by the governing body of a city, county, or township pursuant to subsection (e)(1), which shall ~~may~~, at the director's discretion, be valid for the entire period of such special event. ~~A temporary permit issued for a special event shall be issued for a period of time not to exceed 10 consecutive days.~~*

Another issue that may potentially arise is the application of federal regulations to certain practices that normally take place between industry members (distributors, suppliers, and manufacturers) and the temporary permit holders. Under both state and federal law, industry members are generally prohibited from providing equipment, supplies or services to licensees.

That prohibition does not extend to providing equipment, services and supplies to "temporary retailers".

Federal regulation 27 CFR Part 6.85 defines a temporary retailer as a dealer who is engaged in the sale of alcoholic liquor for no more than four consecutive days per event and for not more than five events in a calendar year. The federal trade practice regulations, which KDOR has adopted in part, allow industry members to provide equipment, services and supplies to temporary retailers which they may not provide to other retailers.

Any state issues can be addressed. However, Kansas has no authority to amend or repeal federal regulations. The extension of the temporary permit beyond four consecutive days may jeopardize the industry members' ability, under federal law, to provide equipment, services and supplies to temporary permit holders.

Thank you for considering the proposed amendment.