

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on February 13, 2011, in Room 144-S of the Capitol.

All members were present except:
Senator Steve Morris

Committee staff present:
Jason Long, Office of the Revisor of Statutes
Doug Taylor, Office of the Revisor of Statutes
Dennis Hodgins, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Connie Burns, Committee Assistant

Conferees appearing before the Committee:
Thomas Groneman, Alcohol Beverage Control

Others attending:
See attached list.

Thomas Groneman, Director, Alcohol Beverage Control Division (ABC), provided a brief overview on the Alcoholic Beverage Control Division. (Attachment 1) The number one priority of the ABC is to provide regulation of the liquor industry by fairly administering and enforcing the liquor laws of Kansas to ensure compliance and to maintain a level playing field among all licensees. The ABC is divided into three organizational units: licensing, administration and enforcement.

Licensing – currently there are 4,463 active liquor licenses and permits for retail liquor stores, distributors, manufacturers, farm wineries, microbreweries, on-premise establishments (class “A” clubs, class “B” clubs and drinking Establishments), caterers, special order shippers, suppliers and temporary permit holders. In addition, Licensing Team members answered 5,992 telephone calls and assisted 398 walk-in customers. ABC requested legislation during the 2010 legislative session to change the term of a license from one year to two years. This legislation passed and became effective July 1, 2010. The change in the license term will be phased in over the next two years. The Licensing Team is responsible for collecting the various gallonage taxes, while the Miscellaneous Tax Segment is responsible for collecting liquor enforcement and liquor drink taxes.

The ABC Administrative Unit performs general staff support for the Director and Chief Enforcement Officer and related work such as budget preparation, personnel record keeping, equipment management, records management, systems management, criminal history background investigations on licensees and coordinates the division’s activities.

The Enforcement Unit provides investigative support for the ABC Director and the Chief enforcement Officer. There are currently 20 agent positions, of which one is vacant. Enforcement agents are certified law enforcement officers. They conduct criminal and administrative investigations to determine compliance with liquor laws. Agents provide training to licensees and local law enforcement officers, conduct controlled buy operations and bar checks; investigate complaints and hidden ownerships; and perform routine compliance checks.

The Licensee Administrative Action Unit (LAA) is staffed by the Assistant Attorney General (AAG) assigned to the ABC, a legal assistant and one support staff. The AAG reviews the cases presented by the enforcement section and local law enforcement agencies to determine the appropriateness of the charges and administratively prosecutes violations of the liquor laws before the Director.

Over the years the ABC has been assigned other duties, including conducting the compliance checks required under the federal Synar amendment. Under Synar, the state must maintain a minimum compliance rate of 80% for sales of cigarettes to minors or risk losing a portion of the block grant monies allocated to SRS for substance abuse programs. In 2009 and 2010, ABC has had a compliance rate of 92%. On September 9, 2010, ABC was awarded a contract with the Federal Food and Drug Administration (FDA) for the enforcement of certain federal laws pertaining to the sale and advertising of cigarettes and smokeless tobacco particularly to youth. This is an annual contract subject to renewal on a

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The minutes of the Federal and State Committee at 10:30 a.m. on February 13, 2011, in Room 144-S of the Capitol.

yearly basis.

KDOR/ABC recently entered into a Memorandum of Understanding with the State Fire Marshall to inspect tobacco retailers and seize cigarettes that are not fire safe compliant. The duration is one year, and it is anticipated once all retailers have been inspected there will be a reduction of such violations by the end of the contract term, and this agreement will be reviewed for the need to renew at that time.

ABC agents are responsible for levying drug tax assessments across the state. Kansas has instituted a tax on illegal drugs, and anytime illegal drugs are found without drug tax stamps affixed, ABC agents are called out to assess the appropriate tax and penalty.

ABC provided 2010 Amendments to Kansas Liquor Laws and the History of Kansas Liquor Tax Rates.

ABC provided Liquor Density Maps:
Liquor-by-the-drink (wet/dry counties)
Dry Cities
Total Active off-Premise Retailers
Total Active On-Premise Retailers
Total Active distributors
Total Active Farm Wineries and Outlets
Total Active Microbreweries
Total Active Manufacturers

The Director addressed questions from the committee and provided a policy memorandum on drink pricing. ([Attachment 2](#))

The next meeting is scheduled for January 18, 2011. The meeting was adjourned at 11:26 a.m.