

February 12, 2019

The Honorable Bud Estes, Chairperson  
Senate Committee on Federal and State Affairs  
Statehouse, Room 136-E  
Topeka, Kansas 66612

Dear Senator Estes:

**SUBJECT:** Fiscal Note for SB 70 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 70 is respectfully submitted to your committee.

SB 70 would consolidate current temporary permit statutes that allow temporary permit holders to serve liquor for consumption on licensed or unlicensed premises for up to three days, including certain charitable auctions. The temporary permit holder would be allowed to charge an entrance fee and multiple temporary permits could be allowed on the same premises. The bill would require the temporary permit applications to be electronically submitted at least 14 days before the event with a non-refundable application fee of \$25 for each day the permit is issued.

The bill would authorize a temporary permit holder to purchase and possess alcoholic liquor three days before the event and would authorize a distributor to directly deliver the products to the permitted premises after the retailer has been paid. However, the bill would allow up to 48 hours for a retailer to pay the distributor for products that are delivered to the permit holder outside the normal hours of operations for the retailer. The temporary permit holder would be allowed to sell back unused products to the retailer without permission from the Director of Alcohol Beverage Control (ABC) at the Department of Revenue within three business days of the event. After three days, the permit holder would have to request written permission from the ABC Director to sell unused products back to the retailer.

The bill would clarify that a temporary permit holder may only purchase from a retailer who is also a wholesaler under federal law, or a farm winery, and the temporary permit holder could only receive delivery of products from a distributor. The bill includes requirements for the temporary permit holder to offer samples at an event. The temporary permit holders would be exempt from the keg tag requirement.

Under current law, drinking establishments are allowed to apply for a temporary permit to extend into a city, county, or township street, alley, road, sidewalk, or highway if it is closed to

motor vehicle traffic during the time alcoholic liquor is sold or consumed and if the extension has been approved by the city, county, or township. The bill would remove the requirement that the drinking establishment must apply for a temporary permit, but it would still be required to get local government approval.

The Department of Revenue indicates SB 70 would have a negligible fiscal effect on state revenues and expenditures. The bill would require temporary permit applications to be submitted electronically that would streamline this process and create minimal costs savings. The bill also has the potential to reduce the number of temporary permits that the Department issues each year, which would slightly reduce the amount of fees that are collected. The State Fair indicates that the bill would have no fiscal effect on its operations or its current use of temporary permits on the State Fairgrounds.

The League of Kansas Municipalities and the Kansas Association of Counties indicate that the bill would maintain local control by requiring local government approval before allowing alcohol consumption to be extended into a city, county, or township street, alley, road, sidewalk, or highway on a temporary basis.

Sincerely,

A handwritten signature in cursive script that reads "L. L. Campbell".

Larry L. Campbell  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Chardae Caine, League of Municipalities  
Jay Hall, Association of Counties  
Robin Jennison, State Fair