

Alcoholic Beverage Control
Division
109 SW 9th St.
Topeka, KS 66612-1588
Mark Burghart, Secretary
Debbi Beavers, Director



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Laura Kelly, Governor

**State of Kansas
Department of Revenue
Notice of Hearing on Proposed Administrative Regulation**

A public hearing will be conducted by the Department of Revenue on September 18, 2019 at 1:00pm to 3:00pm in the KDOR ABC Conference Room, 5th floor to consider the revocation of 14-6-4, cereal malt beverage regulation. Copies of this proposed regulation may be found at <https://www.ksrevenue.org/prproposedregulations.html>.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written comments from the public on the proposed regulation. All interested parties may submit written public comments on the proposed regulation prior to the hearing to Debbi Beavers, Director, Alcoholic Beverage Control Division, Mills Building, 109 SW 9th St., Topeka, Kansas 66612 or through e-mail at debbi.beavers@ks.gov.

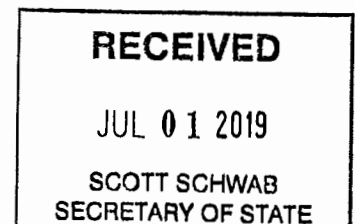
All interested parties will be given a reasonable opportunity to present their views, either orally or in writing or both, concerning the adoption of the proposed regulation. In order to give all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed regulation and economic impact statement in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Debbi Beavers at (785) 368-6290 or TTY (785) 296-6461. Disabled parking is located on the north side of the Mills Building on either side of 9th St. The north entrance to the Mills Building is accessible.

This regulation is proposed for adoption on a permanent basis. A summary of the proposed regulation and the economic impact follows:

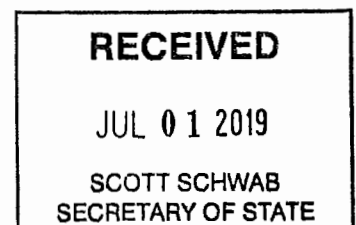
**Kansas Department of Revenue
Article 6. Containers and Labels**

Revocation of K.A.R. 14-6-4. The revocation of this regulation will neither enhance nor restrict business activities. Instead, it will merely eliminate an unnecessary step many manufacturers are currently forced to do (including the 3.2% ABW statement on CMB products) only for products shipped into Kansas. This will become even more beneficial to industry members as CMB products are eventually phased out of the marketplace entirely.



Economic Impact:

The economic impact of revoking this regulation would be minimal. Industry members would experience minor savings in terms of packaging, since they would no longer have to produce special "Kansas-only" packaging that includes the 3.2% ABW language.



14-6-4. (Authorized by K.S.A. 41-211; implementing K.S.A. 41-211 and K.S.A. 41-706; effective Jan. 1, 1966; amended May 1, 1985; amended Oct. 1, 1988; amended Aug. 6, 1990; amended Sept. 17, 2010; revoked, T-_____, _____; revoked P-_____.)

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JUN 13 2019

DEPT. OF ADMINISTRATION

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JUN 20 2019

ATTORNEY GENERAL

RECEIVED

JUL 01 2019

SCOTT SCHWAB
SECRETARY OF STATE

STATE OF KANSAS

LEGAL SERVICES
109 SW 9th STREET
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DEPARTMENT OF REVENUE
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GOVERNOR Laura Kelly
Mark A. Burghart, SECRETARY

**I. KANSAS DEPARTMENT OF REVENUE
ECONOMIC IMPACT STATEMENT
K.A.R. 14-6-4 (P)**

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt along with the following to the Division of the Budget.

I. Brief description of the proposed rule(s) and regulation(s).

This regulation provides that any original package of cereal malt beverage (CMB) sold in Kansas shall include a statement that the contents contain no more than 3.2% alcohol by weight (ABW). Additionally, the regulation states that any CMB that contains less than 0.5% alcohol by volume may include a statement indicating as such.

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)

This policy is not mandated federally, and in fact, at the federal level, no statement indicating alcohol content on the label is required at all, though many manufacturers include one voluntarily.

III. Agency analysis specifically addressing following:

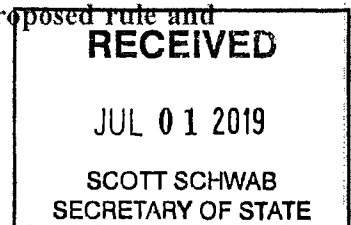
A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The revocation of this regulation will neither enhance nor restrict business activities. Instead, it will merely eliminate an unnecessary step many manufacturers are currently forced to do (including the 3.2% ABW statement on CMB products) only for products shipped into Kansas. This will become even more beneficial to industry members as CMB products are eventually phased out of the marketplace entirely.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;

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The economic effect of revoking this regulation would be minimal. Industry members would experience minor savings in terms of packaging, since they would no longer have to produce special "Kansas-only" packaging that includes the 3.2% ABW language.

C. Businesses that would be directly affected by the proposed rule and regulation;

Manufacturers engaged in the production of CMB and beer shipped into Kansas.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

The agency does not believe there are costs associated with the revocation of this regulation. As for benefits, it would eliminate a requirement that is already nearly irrelevant, since CMB is no longer widely manufactured and its production levels will only decrease in the near future.

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

No measures were necessary, as there are no costs associated with the revocation of this regulation.

F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

The agency does not believe there would be implementation costs associated with the revocation of this regulation. There are also no compliance costs, as manufacturers would actually spend less since they could use the same packaging in Kansas they use in other states.

Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES NO

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

Not applicable.

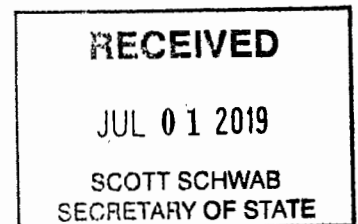
Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES NO

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- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

The revocation of this regulation would not impact cities, counties or school districts.

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

The agency was contacted by industry members involved in the manufacturing and distribution of CMB and beer. These industry members expressed concern that as CMB is gradually phased out of the marketplace, this requirement will become obsolete. Further, the industry members expressed concern that it is impractical for them to have to place special CMB labels on the small amount of product shipped into Kansas.

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

Not applicable.

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