

proposed

State of Kansas
Department of Revenue-Alcoholic Beverage Control Division

Notice of Public Hearing on Proposed Administrative Regulations

February 20, 2018

A public hearing will be conducted on Friday, May 11, 2018, from 1:00 p.m. to 2:00 p.m. in the ABC Conference Room, 5th Floor of the Mills Building, 109 SW 9th Street, Topeka, Kansas to consider the adoption of the proposed rules and regulations of the Alcoholic Beverage Control Division, Department of Revenue, on a permanent basis.

This 60-day notice of public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to the Alcoholic Beverage Control Division, Mills Building, 109 SW 9th Street, P.O. Box 3506 Topeka, Kansas 66601 or by email to debbi.beavers@ks.gov. All interested parties will be given a reasonable opportunity to present their views orally regarding the adoption of the proposed regulations during the public hearing. In order to provide all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes.

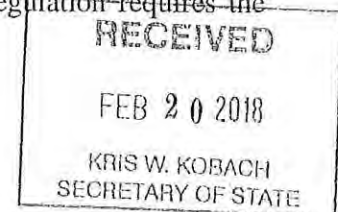
Any individual with a disability may request an accommodation in order to participate in the public hearing and may request the proposed regulation and economic impact statements in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Debbi Beavers at (785) 368-6290 (or TYY 1-800-766-3777). The public entrance to Mills Building is accessible. Handicapped parking is located in front of Mills Building.

A summary of the proposed regulations and their economic impact follow. (Note: Statements indicating that a regulation is "not anticipated to have any economic impact" are intended to indicate that no economic impact on the Department of Revenue, other state agencies, state employees, or the general public has been identified.)

Copies of the proposed regulations and the Economic Impact Statement for the proposed regulations can be viewed at the following website: ksrevenue.org/abcindex.html

K.A.R. 14-13-1: Definitions. The proposed amendment to this regulation coincides with the implementation of K.S.A. 2017 Supp. 41-212 (2017 House Sub. for SB 13), which shall be effective on or after April 1, 2019. The definition for "cereal malt beverage" is added to the existing regulation. There will be no foreseeable economic impact from defining this term.

K.A.R. 14-13-2: Application for retail liquor license; requirements, conditions, and restrictions on issuance of license. The proposed amendment to this regulation coincides with the implementation of K.S.A. 2017 Supp. 41-212 (2017 House Sub. for SB 13), which shall be effective on or after April 1, 2019. The proposed amendment to this regulation requires the



application for renewal of a retailer's license to include a statement of gross receipts from the previous 12-month period showing the sale of all goods and services other than cereal malt beverage and alcoholic liquor is not more than 20% of the retailer's total gross sales. The potential economic impact for this regulation is that retail liquor storeowners may have the ability to expand their sales. This may help to off-set the shift of some sales of beer from retail liquor stores to grocery and convenience stores holding a cereal malt beverage retailer license.

K.A.R. 14-13-10: Records of purchases and sales; retention of records; reports. The proposed amendment to this regulation coincides with the implementation of K.S.A. 2017 Supp. 41-212 (2017 House Sub. for SB 13). The proposed amendment to this regulation requires each retailer to keep all sales receipts involving the sale to any customer of all alcoholic liquor, cereal malt beverage and any other good or service, excluding the sales of lottery tickets and cigarette and tobacco products. There will be no foreseeable economic impact from defining this term.

K.A.R. 14-13-13: Prohibited conduct of retailer. The proposed amendment to this regulation is to not allow a retailer's manager or employee to *be* intoxicated while on duty for the licensee. Presently the regulation prohibits the retailer's manager or employee to *become* intoxicated while on duty for the licensee. There is no economic impact related to this proposed amendment.

K.A.R. 14-25-1 to K.A.R. 14-25-6: Off-Premise Cereal Malt Beverage Retailers. These are proposed new regulations related to the implementation of K.S.A. 2017 Supp. 41-212 (2017 House Sub. for SB 13). Specifically, that the Director of the Alcoholic Beverage Control Division promulgate rules and regulations making applicable to cereal malt beverage retailers selling beer containing not more than 6% alcohol by volume such provision of the existing rules and regulations concerning industry trade practices as are necessary and appropriate. Effective April 1, 2019, off-premise cereal malt beverage retailers will also be able to expand their inventory to sell beer containing not more than 6% alcohol by volume in addition to the cereal malt beverage they currently sell.

K.A.R. 14-25-1: Definitions. This is a proposed new regulation to provide definitions for off-premise cereal malt beverage retailers.

K.A.R. 14-25-2: Trade practices; applicability. This proposed new regulation relates to the trade practices of off-premise cereal malt beverage retailers and adopts by reference K.A.R. 14-10-17.

K.A.R. 14-25-3: Retailer's responsibility for conduct of business and employees. This is a proposed new regulation to identify the responsibilities of any person selling cereal malt beverage or beer containing not more than six percent alcohol by volume. This regulation is consistent with K.A.R. 14-13-5, which provides the responsibility for each retail liquor dealer.

K.A.R. 14-25-4: Recordkeeping. This is a proposed new regulation to provide notice of the required receipts and other documentation that shall be maintained for any retailer purchasing or selling cereal malt beverage or beer containing not more than six percent alcohol by volume.

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This regulation is consistent with K.A.R. 14-13-10, which provides notice of the required receipts and other documentation for each retail liquor dealer.

K.A.R. 14-25-5: Transfer of retailer's inventory; application for permission; seizure and sale of abandoned inventory. This is a proposed new regulation to provide any person selling cereal malt beverage or beer containing not more than six percent alcohol by volume with guidance on the transfer of their stock of alcoholic liquor. This regulation is consistent with K.A.R. 14-13-8, which provides each retail liquor dealer with guidance on the transfer of his or her stock of alcoholic liquor.

K.A.R. 14-25-6: Prohibited conduct of retailer. This is a proposed new regulation to identify prohibited acts by any person selling cereal malt beverage or beer containing not more than six percent alcohol by volume. This regulation is consistent with K.A.R. 14-13-13, which identifies the prohibited acts for each retail liquor dealer.

K.A.R. 14-26-1 to K.A.R. 14-26-8: On-Premise Cereal Malt Beverage Retailers. These are proposed new regulations related to the implementation of K.S.A. 2017 Supp. 41-212 (2017 House Sub. for SB 13). Specifically, that the Director of the Alcoholic Beverage Control Division promulgate rules and regulations making applicable to cereal malt beverage retailers selling beer containing not more than 6% alcohol by volume such provision of the existing rules and regulations concerning industry trade practices as are necessary and appropriate. Effective April 1, 2019, on-premise cereal malt beverage retailers will also be able to sell beer not more than 6% alcohol by volume in addition to the cereal malt beverage they currently sell.

K.A.R. 14-26-1: Definitions. This is a proposed new regulation to provide definitions for on-premise cereal malt beverage retailers.

K.A.R. 14-26-2: Trade practices; applicability. This proposed new regulation relates to the trade practices of on-premise cereal malt beverage retailers and adopts by reference K.A.R. 14-10-17.

K.A.R. 14-26-3: Retailer's responsibility for conduct of business and employees. This is a proposed new regulation to identify the responsibilities of any person selling cereal malt beverage or beer containing not more than six percent alcohol by volume. This regulation is consistent with K.A.R. 14-21-11, which provides the responsibility for each retailer.

K.A.R. 14-26-4: Refusal of right to enter or inspect licensed premises prohibited. This is a proposed new regulation to allow the inspection of the licensed premises of any drinking establishment selling cereal malt beverage or beer containing not more than six percent alcohol by volume.

K.A.R. 14-26-5: Minimum prices for drinks; acquisition cost. This is a proposed new regulation to prohibit a retailer from selling any drink to any person for less than the acquisition cost of that drink to the retailer selling cereal malt beverage or beer containing not more than six percent alcohol by volume. This regulation is consistent with K.A.R. 14-21-15, which prohibits a

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drinking establishment from selling any drink to any person for less than the acquisition cost of that drink to the retailer.

K.A.R. 14-26-6: Recordkeeping. This is a proposed new regulation to provide notice of the required receipts and other documentation that shall be maintained for any retailer purchasing or selling cereal malt beverage or beer containing not more than six percent alcohol by volume. This regulation is consistent with K.A.R. 14-21-10, which provides notice of the required receipts and other documentation for each retailer.

K.A.R. 14-26-7: Storage of cereal malt beverage or beer containing not more than six percent alcohol by volume; removal from licensed premises. This is a proposed new regulation that requires each retailer to store its cereal malt beverage or beer containing not more than six percent alcohol by volume on the licensed premises, unless there is prior approval from the director to do otherwise. This regulation is consistent with K.A.R. 14-21-12, which requires each retailer to store its cereal malt beverage or beer containing not more than six percent alcohol by volume on the licensed premises, unless there is prior approval from the director to do otherwise.

K.A.R. 14-26-8: Transfer of retailer's inventory; application for permission; seizure and sale of abandoned inventory. This is a proposed new regulation to provide any person selling cereal malt beverage or beer containing not more than six percent alcohol by volume with guidance on the transfer of their stock of alcoholic liquor. This regulation is consistent with K.A.R. 14-13-8, which provides each retail liquor dealer with guidance on the transfer of his or her stock of alcoholic liquor.

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14-13-1. Definitions. As used in this article of the division's regulations, unless the context clearly requires otherwise, each of the following terms shall have the meanings meaning specified in this regulation:

(a) "Adjacent premises" means an enclosed permanent structure that is contiguous to the licensed premises and may be located in front of, beside, behind, below, or above the licensed premises. Adjacent premises shall be under the direct or indirect control of the retailer. This term shall not include empty lots, parking lots, temporary structures, or enclosed structures not contiguous to the licensed premises.

(b) "Beneficial interest" means any ownership interest by a person or that person's spouse in a business, corporation, partnership, trust, association, or other form of business organization.

(c) "Bulk wine" means wine that is sold to a club by either ~~by~~ a retailer or a distributor in barrels, casks, or bulk containers that individually exceed 20 liters.

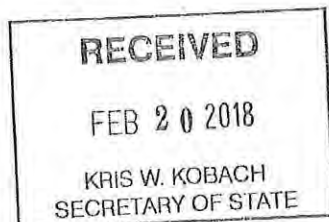
(d) "Cereal malt beverage" has the meaning specified in K.S.A. 41-2701, and amendments thereto.

(e) "Church" means a building that is owned or leased by a religious organization and is used exclusively as a place for religious worship and other activities ordinarily conducted by a religious organization.

(e) (f) "Crime opposed to decency and morality" means a crime involving any of the following:

(1) Prostitution;

(2) ~~procuring any person;~~



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(3) (2) solicitation of a child under 18 years of age for any immoral act involving sex;

(4) (3) possession or sale of narcotics, marijuana, amphetamines, or barbiturates;

(5) (4) rape;

(6) (5) incest;

(7) (6) gambling;

(8) (7) adultery; or ;

(9) (8) bigamy; ; or

(9) procuring any person to be involved in the commission of any of the criminal acts specified in paragraphs (f) (1)-(8).

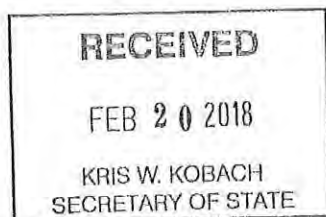
(f) (g) "Licensed premises" means those areas described in an application for a retailer's license that are under the control of the applicant and are intended as the area in which alcoholic liquor is to be sold for consumption off the licensed premises or stored for later sale.

(g) (h) "Manager" means a person with the status, duties, and authority to have control over the licensee's business operation, finances, or disbursement of business funds including any of the following:

(1) The authority to make decisions concerning the day-to-day operations of the business;

(2) the authority to hire or fire employees;

(3) the authority to sign business checks;



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(4) the authority to direct payment of business funds; or

(5) supervision of those employees responsible for any of these duties.

~~(h)~~ (i) "Mixer" means any liquid capable of being consumed by a human being that ~~may~~ can be combined with alcoholic liquor for consumption.

~~(i)~~ (j) "Tasting event" means any time during which a retailer or supplier is serving free samples of alcoholic liquor on the retailer's licensed premises or at adjacent premises monitored and regulated by the director. (Authorized by K.S.A. 41-210 and K.S.A. 2017 Supp. 41-212; implementing K.S.A. ~~2011~~ 2017 Supp. 41-102, as amended by ~~L. 2012, ch. 144, sec. 4~~; effective May 1, 1988; amended Aug. 6, 1990; amended, T-14-11-9-92, Nov. 9, 1992; amended Dec. 21, 1992; amended, T-14-6-28-12, July 1, 2012; amended, T-14-10-25-12, Oct. 29, 2012; amended Feb. 22, 2013; amended P-_____.)

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14-13-2. Application for retail liquor license; requirements, conditions, and restrictions on issuance of license. (a) A retailer's license shall be issued by the director to each applicant who is determined by the director to have satisfied met the requirements of the liquor control act.

(b) Each application for a retailer's license shall be submitted on forms prescribed by the director and include ~~all~~ of the following:

(1) A copy of any partnership agreement, operating agreement of a limited liability company, declaration of trust, or other documents ~~setting forth~~ specifying the aims and purposes of the trust, if applicable;

(2) a copy of a written lease or proof of ownership of the premises to be licensed;

(3) a certified statement from the applicant that the licensed premises are located in one of the following areas:

(A) An area where the zoning regulations of the city, township, or county allow the operation of a retail liquor store; or

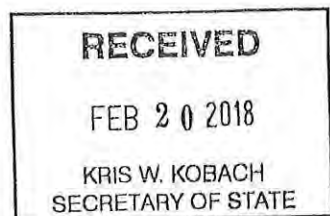
(B) an area where no zoning regulations have been adopted;

(4) the proper license fee and registration fees fee;

(5) a bond, pursuant to K.S.A. 41-317 and amendments thereto;

(6) a diagram of the licensed premises, showing the area or areas in which alcoholic liquor will be stored and sold. Subject to the prior approval of the director, the licensed premises may include either of the following:

(A) Those areas outside the main sales area that are within 100 yards of the main sales area and located upon property that is subject to the applicant's legal control; or



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(B) a detached storage area, located within 100 yards of the main sales area and used exclusively for storage of alcoholic liquor by the retailer; and

(7) all other information necessary to complete the application process.

(c) On and after April 1, 2020, in addition to the items specified in subsection (b), each application for a renewal of a retailer's license shall include a statement of gross receipts from the previous 12-month period showing that the sale of all goods and services other than cereal malt beverage and alcoholic liquor is not more than 20 percent of the retailer's total gross sales. For the purposes of this calculation, all fees derived from the sale of lottery tickets and cigarette and tobacco products shall be excluded.

(d) The initial application for any retailer's license, or any renewal application for a retailer's license, may be rejected by the director for any of the following reasons:

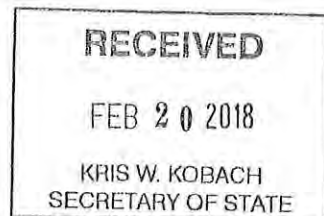
(1) The applicant does not provide all the information necessary for completion of the application process.

(2) The applicant does not include the proper license fee and registration fees fee.

(3) The applicant does not include the required bond.

(4) The applicant or its owners, officers, resident agent, or managers have violated a provision of the liquor control act or these regulations relating to the sales of alcoholic liquor that may have been grounds for license revocation.

(5) The applicant or its owners, officers, resident agent, or managers are currently delinquent in payment of any gallonage tax, liquor enforcement tax, liquor drink tax,



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license fees, or liquor-related fines to the state of Kansas.

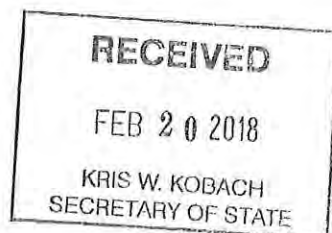
(6) The applicant or its owners, officers, resident agent, or managers previously held a license issued under the liquor control act or the club and drinking establishment act, and when that license expired or was surrendered, the licensee was delinquent in payment of any gallonage tax, liquor enforcement tax, liquor drink tax, license fees, or liquor-related fines to the state of Kansas.

(7) The applicant has had a liquor license revoked for cause in Kansas or another state.

(8) The applicant or its owners, officers, resident agent, or managers have been convicted of a crime opposed to decency and morality.

(9) For any renewal application received on or after April 1, 2020, the licensee has failed to demonstrate that the sale of all goods and services other than cereal malt beverage and alcoholic liquor is not more than 20 percent of the retailer's total gross sales pursuant to subsection (c).

(d) (e) Each person who provides financing to or leases premises to a retailer upon terms that result in that person having a beneficial interest in the retailer's business shall be deemed to be a partner in the retailer's business. Each person who provides financing to a retailer shall be deemed to have a beneficial interest in the retailer's business if the terms for repayment are conditioned on the amount of the retailer's receipts or profits from the sale of alcoholic liquor. A lessor shall be deemed to have



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a beneficial interest in a retailer's business if the lessor receives as rent, in whole or in part, a percentage of the retailer's receipts or profits from the sale of alcoholic liquor. (Authorized by K.S.A. 41-210 and K.S.A. 2017 Supp. 41-212; implementing K.S.A. ~~2011~~ 2017 Supp. 41-308, K.S.A. 2017 Supp. 41-310, as amended by L. 2012, ch. 144, sec. 13, K.S.A. 2017 ~~2011~~ Supp. 41-311, K.S.A. 41-315, as amended by L. 2012, ch. 144, sec. 14, K.S.A. 2011 Supp. and K.S.A. 2017 Supp. 41-317, as amended by L. 2012, ch. 144, sec. 17; effective May 1, 1988; amended Aug. 6, 1990; amended, T-14-11-9-92, Nov. 9, 1992; amended Dec. 21, 1992; amended Feb. 22, 2013; amended P-_____.)

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14-13-10. Records of purchases and sales; retention of records; reports. (a)

Each retailer purchasing alcoholic liquor from a licensed distributor shall obtain a numbered invoice, purchase order, or sales ticket that contains the following information:

- (1) The date of purchase;
- (2) the name, address, and license number of the retailer;
- (3) the name, address, and license number of the distributor;
- (4) the name of the individual making the purchase for the retailer;
- (5) the brand, size, and amount of each brand purchased;
- (6) the unit cost and total price for each brand and size; and
- (7) the subtotal of the cost of the alcoholic liquor purchased and the total cost of the

order including delivery charge, if any.

(b) Each retailer engaged in sales to licensed clubs, drinking establishments, caterers, public venues, or temporary permit holders shall provide a numbered invoice, purchase order, or sales ticket in connection with all purchases, which shall include the following information:

- (1) The date of purchase;
- (2) the name, address, and license number of the retailer;
- (3) the name, address, and license number of the club, drinking establishment,

caterer, public venue, or temporary permit holder;

(4) the name of the individual making the purchase for the club, drinking establishment, caterer, public venue, or temporary permit holder and that individual's

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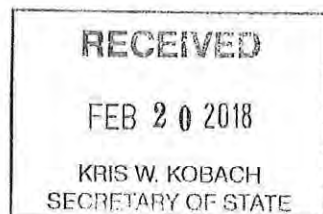
position with the club, drinking establishment, caterer, public venue, or temporary permit holder;

- (5) the brand, size, and amount of each brand purchased;
- (6) the unit cost and total price for each brand and size; and
- (7) the subtotal of the cost of the alcoholic liquor sold and the total cost of the order including enforcement tax and delivery charge, if any.

(c) Each retailer who holds a federal wholesale basic permit shall, between the first and the fifteenth day of each month, upon a form prescribed by the director, submit a certified report of all sales made to any licensed club, drinking establishment, caterer, public venue, or temporary permit holder during the preceding month. The report shall include the following information for each order placed by and sold to a club, drinking establishment, caterer, public venue, or temporary permit holder:

- (1) The date of the order;
- (2) the name, address, and license number of the club, drinking establishment, caterer, public venue, or temporary permit holder; and
- (3) the total price paid for each order.

(d) On and after April 1, 2019, each retailer shall keep all sales receipts from the sale to any customer of all alcoholic liquor, cereal malt beverage, and any other goods or services, excluding the sales of lottery tickets and cigarette and tobacco products.



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(e) The retailer shall keep a copy of each invoice, purchase order, or sales ticket required by this regulation for at least three years from the date the alcoholic liquor was sold.

(~~e~~) (f) The records required by this regulation shall be available for inspection by the director, any agent or employee of the director, or the secretary upon request.

(1) Each record required by ~~the~~ this regulation shall be maintained on the retailer's licensed premises for at least 90 days after the sale. These records may be maintained in electronic format and shall be capable of being printed immediately upon request.

(2) After 90 days, all records required by this regulation may be stored and maintained off the licensed premises and shall be provided in electronic or paper format upon request. (Authorized by K.S.A. 41-210 and K.S.A. 2017 Supp. 41-212; implementing K.S.A. 2017 Supp. 41-308 as amended by L. 2012, ch. 144, sec. 10, K.S.A. 41-407, K.S.A. 41-703, and K.S.A. 41-708; effective May 1, 1988; amended Feb. 22, 2013; amended P-_____.)



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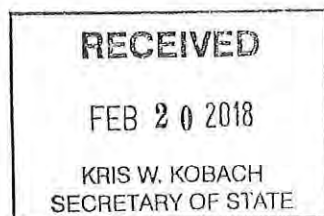
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14-13-13. Prohibited conduct of retailer. (a) A retailer shall not permit gambling or the possession of a any gambling or gaming device ~~of any kind or character~~ on or in the licensed premises. However, any retailer may sell, operate, possess, and offer to the public lottery tickets permitted by the Kansas lottery act if the retailer is authorized by the Kansas lottery commission to do so.

(b) A retailer shall not, as a condition for the sale or delivery of alcoholic liquor to a customer or to any other licensee who is licensed under the liquor control act or the club and drinking establishment act, require that the other licensee or customer purchase or contract to purchase alcoholic liquor of another form, quantity, or brand in addition to or partially in lieu of that specifically ordered or ~~desired~~ wanted by the licensee or customer.

(c) A retailer shall not sell or deliver alcoholic liquor of a particular form or brand to a customer or to any other licensee who is licensed under the liquor control act or the club and drinking establishment act under any arrangement, agreement, or understanding, direct or implied, such that the sale or delivery will be made only if the other licensee or customer also buys or accepts delivery of a quantity of alcoholic liquor of another form or brand.

(d) A retailer shall not refuse to permit the director or any agent or employee of the director to inspect the licensed premises and any alcoholic liquor in the retailer's possession or under the retailer's control upon the licensed premises or upon any other premises where the retailer has stored any alcoholic liquor.



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(e) A retailer shall not make any false or misleading representations with respect to any alcoholic liquor product or any licensed premises or in connection with a sales transaction relating to brand, type, proof, or age of an alcoholic liquor or beer. A retailer shall not deceive or attempt to deceive a customer by removing or changing any label or sanitation cover from a container of alcoholic liquor.

(f) A retailer shall not sell or remove any alcoholic liquor from the licensed premises on any day other than a legal day for the sale of alcoholic liquor at retail, after the legal closing hour or before the legal opening hour.

(g) A retailer shall not, directly or indirectly, offer or furnish any gifts, prizes, premiums, rebates, or similar inducements with the sale of any alcoholic liquor, nor shall any retailer directly or indirectly offer, furnish, or sell any alcoholic liquor at less than its cost plus enforcement tax, except according to the following:

(1) Any retailer may include in the sale of alcoholic liquor any goods included by the manufacturer in packaging with the alcoholic liquor. Goods included by the manufacturer shall be packaged with one or more original packages of alcoholic liquor in such a manner as to be delivered to the consumer as a single unit. A retailer shall not sell or give away goods included by a manufacturer that are not packaged as a single unit with the original package of alcoholic liquor as shipped by the manufacturer.

(2) Any retailer may distribute consumer advertising specialty items, subject to the limitations imposed by this regulation. For the purposes of this regulation,



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consumer advertising specialty items shall be limited to the following: ashtrays, bottle or can openers, corkscrews, matches, printed recipes, informational pamphlets, cards and leaflets, blotters, ~~post cards~~ postcards, posters, printed sports schedules, pens, pencils, and other items of minimal value as approved by the director. Each consumer advertising specialty item shall contain advertising material relating to a brand name of alcoholic liquor or to the operation of the retail liquor store distributing the consumer advertising specialty item. No charge may be made for any consumer advertising specialty item or any purchase required in order to receive any consumer advertising specialty item.

(h) A retailer shall not open or permit to be opened, on the licensed premises, any container or original package containing alcoholic liquor or cereal malt beverage, except as provided in K.A.R. 14-13-16 and K.A.R. 14-13-17.

(i) A retailer shall not permit the drinking of alcoholic liquors or cereal malt beverage ~~in, on,~~ or about the licensed premises, except that any consumer who is at least 21 years of age may sample alcoholic liquor available for sale by the retailer, on the licensed premises and at adjacent premises monitored and regulated by the director, in accordance with ~~the provisions of~~ K.A.R. 14-13-16 and K.A.R. 14-13-17.

(j) A retailer shall not allow an intoxicated person to frequent, loiter, or be employed upon the licensed premises. A retailer's manager or employee shall not ~~become~~ be intoxicated while on duty for the licensee.



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(k) A retailer shall not permit any other person to use the licensed premises for the purpose of carrying on any business activity other than the sale of alcoholic liquor.

(l) A retailer shall not accept or receive from any agent or employee of any licensed distributor any cash rebate or thing of value, or enter into or be a party to any agreement or transaction with any licensed distributor, directly or indirectly, that would result in, or have as its purpose, the purchase of any alcoholic liquor by the retailer at a price less than the listed price that has been filed by the distributor in the office of the director.

(m) A retailer shall not sell, give, or deliver any intoxicating liquor to any person under the age of 21 years. A retailer shall not sell, give, or deliver any intoxicating liquor to any person if the retailer knows or has reason to know that the intoxicating liquor is being obtained for a person under 21 years of age.

(n) A retailer shall not purchase or sell any alcoholic liquor on credit. A retailer shall not enter into any transaction or scheme the purpose of which is to buy or sell alcoholic liquor on credit. The following transactions shall be considered to be buying or selling alcoholic liquor on credit:

- (1) Taking or giving a postdated check;
- (2) giving an insufficient funds check;
- (3) taking a check with knowledge that there are insufficient funds to pay the check upon presentment;
- (4) accepting delivery from a distributor without making payment for the alcoholic



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liquor when delivered or before delivery;

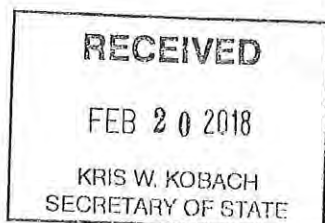
(5) making delivery to a club, drinking establishment, or caterer without receiving payment before or at the time of delivery; and

(6) allowing any alcoholic liquor to be removed from the licensed premises without receiving payment for the alcoholic liquor.

(o) A retailer shall not fail to make the reports or keep the records required by these regulations. ~~A retailer shall not do anything that is otherwise prohibited by any other provision of these regulations.~~

(p) A retailer who is authorized by the Kansas lottery commission to sell lottery tickets shall not commingle the proceeds from the sale of the lottery tickets with the proceeds from the sale of alcoholic liquor.

(q) A retailer shall not refill a package of alcoholic liquor and shall not sell alcoholic liquor in anything other than the original package. (Authorized by K.S.A. 41-210; implementing K.S.A. 41-211, K.S.A. 2017 Supp. 41-308, as amended by ~~L. 2012, ch. 144, sec. 10~~, K.S.A. 41-702, K.S.A. 41-703, K.S.A. 2017 Supp. 41-717, as amended by ~~L. 2012, ch. 144, sec. 26~~, K.S.A. 2017 Supp. 41-718, as amended by ~~L. 2012, ch. 144, sec. 27~~; effective May 1, 1988; amended, T-14-11-9-92, Nov. 9, 1992; amended Dec. 21, 1992; amended, T-14-6-28-12, July 1, 2012; amended, T-14-10-25-12, Oct. 29, 2012; amended Feb. 22, 2013; amended P-_____.)



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Article 25. Off-Premises Cereal Malt Beverage Retailers

14-25-1. Definitions. As used in this article of the division's regulations, unless the context clearly requires otherwise, each of the following terms shall have the meaning specified in this regulation:

(a) "Alcoholic liquor" has the meaning specified in K.S.A. 41-102, and amendments thereto.

(b) "Beer" has the meaning specified in K.S.A. 41-102, and amendments thereto.

(c) "Cereal malt beverage" has the meaning specified in K.S.A. 41-2701, and amendments thereto.

(d) "Director" means the director of the division of alcoholic beverage control in the department of revenue.

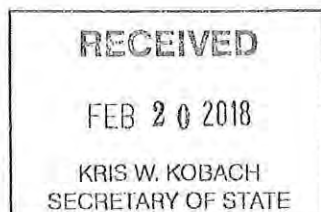
(e) "Distributor" has the meaning specified in K.S.A. 41-102, and amendments thereto.

(f) "Inventory" means a retailer's entire or partial stock of cereal malt beverage or beer containing not more than six percent alcohol by volume.

(g) "Licensed premises" means those areas described in an application for a retailer's license that are under the control of the applicant and are intended as the area in which cereal malt beverage or beer containing not more than six percent alcohol by volume is to be sold for consumption off the licensed premises or stored for later sale.

(h) "Person" means any natural person, corporation, partnership, trust, or association.

(i) "Retailer" means any person who is licensed under the Kansas cereal malt



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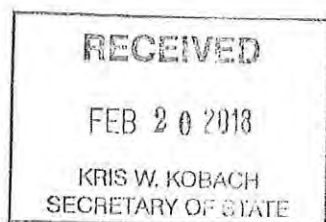
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beverage act and who sells or offers for sale any cereal malt beverage or beer containing not more than six percent alcohol by volume for use or consumption off the licensed premises. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-
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14-25-2. Trade practices; applicability. (a) Each action taken by an industry member or retailer in accordance with interpretive memoranda issued by the alcohol and tobacco tax and trade bureau of the department of the treasury shall be considered good faith compliance with this article of the division's regulations, unless the director has issued a contrary interpretation pertaining to the subject of the memoranda.

(b) The trade practice regulations of the alcohol and tobacco tax and trade bureau of the department of the treasury, as adopted by reference in K.A.R. 14-10-17, shall apply to each retailer, as defined in K.A.R. 14-25-1. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



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14-25-3. Retailer's responsibility for conduct of business and employees. Each retailer shall be responsible for the conduct of the retailer's business. Each retailer shall be responsible for all violations of the cereal malt beverage act and this article of the division's regulations by any person selling cereal malt beverage or beer containing not more than six percent alcohol by volume. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)

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14-25-4. Recordkeeping. (a) Each retailer purchasing cereal malt beverage or beer containing not more than six percent alcohol by volume from a licensed distributor shall obtain a numbered invoice or purchase order that contains the following information:

- (1) The date of purchase;
- (2) the name, address, and license number of the retailer;
- (3) the name, address, and license number of the distributor;
- (4) the name of the individual making the purchase for the retailer;
- (5) the brand, size, and amount of each brand purchased;
- (6) the unit cost and total price for each brand and size; and
- (7) the subtotal of the cost of the cereal malt beverage or beer containing not more than six percent alcohol by volume purchased and the total cost of the order including delivery charge, if any.

(b) The retailer shall keep a copy of each sales receipt involving the sale of cereal malt beverage or beer containing not more than six percent alcohol by volume made to a customer.

(c) The retailer shall keep a copy of each invoice, purchase order, or sales receipt involving sales made to customers required by this regulation for at least three years from the date on which the cereal malt beverage or beer containing not more than six percent alcohol by volume was sold.

(d) The retailer shall keep a copy of the diagram of the licensed premises, as submitted with the initial application, on the licensed premises and shall make a copy available for inspection upon request.

(e) The records required by this regulation shall be available for inspection by the

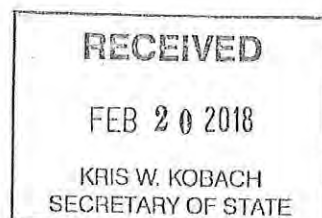


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director, any agent or employee of the director, the secretary, or any law enforcement officer upon request.

(1) Each record required by this regulation shall be maintained on the retailer's licensed premises for at least 90 days after the sale. These records may be maintained in electronic format and shall be capable of being printed immediately upon request.

(2) After 90 days, all records required by this regulation may be stored and maintained off the licensed premises and shall be provided in electronic or paper format upon request. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



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14-25-5. **Transfer of retailer's inventory; application for permission; seizure and sale of abandoned inventory.** (a) If a retailer's license has expired or been surrendered or revoked, that retailer may apply to the director for permission to transfer the retailer's inventory to another active licensee.

(b) The application to transfer the retailer's inventory shall be submitted on forms prescribed by the director and shall contain the following:

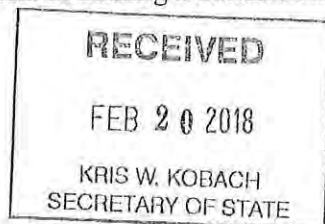
- (1) The retailer's name and license number;
- (2) the purchaser's name and license number;
- (3) the gross sale price of the transferred inventory; and
- (4) the quantity, brand, and type of each container or package of cereal malt beverage or beer containing not more than six percent alcohol by volume to be transferred.

(c) No cereal malt beverage or beer containing not more than six percent alcohol by volume in the possession of a retailer shall be transferred under the provisions of subsection (a) unless the director has granted written permission.

(d) The director may deny an application to transfer inventory under the provisions of subsection (a) if the selling retailer owes either of the following:

- (1) Any applicable tax; or
- (2) any fines imposed pursuant to applicable law.

(e) The director or any employee or agent of the director may seize and sell any inventory located on the premises subject to a retailer's license if the director determines that the inventory has been abandoned by the licensee. The director may consider any of the following criteria in making a determination that the inventory has been abandoned:



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- (1) The licensee no longer occupies the building and has left inventory in the building.
- (2) The licensee has been evicted and has made no attempt to collect the inventory.
- (3) Attempts to contact the licensee to determine the licensee's plans for the inventory have been unsuccessful.
- (4) The presence of the inventory in the building poses a threat to the public health, safety, and welfare or to the orderly regulation of the market.
- (f) Upon the director's determination that the inventory has been abandoned, the director shall notify the retailer, in writing, of the director's intent to seize and sell the inventory. If, within seven calendar days after the date of the director's notice, the retailer has not notified the director that the retailer intends to maintain possession of the inventory, the director may seize and sell the inventory.
- (g) The proceeds from the sale of any inventory specified in subsection (e) shall be deposited into the state general fund. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



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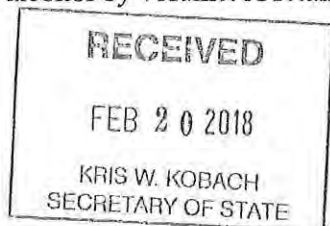
14-25-6. Prohibited conduct of retailer. (a) A retailer shall not permit gambling or the possession of any gambling or gaming device on the licensed premises.

(b) A retailer shall not, as a condition for the sale of cereal malt beverage or beer containing not more than six percent alcohol by volume to a customer, require that the customer purchase or contract to purchase cereal malt beverage or beer containing not more than six percent alcohol by volume of another form, quantity, or brand in addition to or partially in lieu of that specifically desired by the customer.

(c) A retailer shall not sell or deliver cereal malt beverage or beer containing not more than six percent alcohol by volume of a particular form or brand to a customer under any arrangement, agreement, or understanding, direct or implied, such that the sale will be made only if the customer also buys a quantity of cereal malt beverage or beer containing not more than six percent alcohol by volume of another form or brand.

(d) A retailer shall not refuse to permit the director, any agent or employee of the director, or any law enforcement officer to inspect the licensed premises and any cereal malt beverage or beer containing not more than six percent alcohol by volume in the retailer's possession or under the retailer's control upon the licensed premises or upon any other premises where the retailer has stored any cereal malt beverage or beer containing not more than six percent alcohol by volume.

(e) A retailer shall not make any false or misleading representations with respect to any cereal malt beverage or beer containing not more than six percent alcohol by volume on the licensed premises or in connection with a sales transaction relating to brand, type, proof, or age of any cereal malt beverage or beer containing not more than six percent alcohol by volume. A retailer shall not deceive or attempt to deceive a



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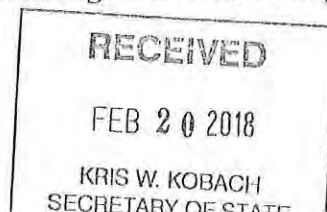
customer by removing or changing any label or sanitation cover from a container or package of cereal malt beverage or beer containing not more than six percent alcohol by volume.

(f) A retailer shall not sell or remove any cereal malt beverage or beer containing not more than six percent alcohol by volume from the licensed premises on any day other than a legal day for the sale of cereal malt beverage or beer containing not more than six percent alcohol by volume at retail, after the legal closing hour or before the legal opening hour.

(g) A retailer shall not, directly or indirectly, offer or furnish any gifts, prizes, premiums, rebates, or similar inducements with the sale of any cereal malt beverage or beer containing not more than six percent alcohol by volume, nor shall any retailer directly or indirectly offer, furnish, or sell any cereal malt beverage or beer containing not more than six percent alcohol by volume at less than its cost plus applicable tax, except according to the following:

(1) Any retailer may include in the sale of cereal malt beverage or beer containing not more than six percent alcohol by volume any goods included by the manufacturer in packaging with the cereal malt beverage or beer containing not more than six percent alcohol by volume. Goods included by the manufacturer shall be packaged with one or more original packages of cereal malt beverage or beer containing not more than six percent alcohol by volume in such a manner as to be delivered to the consumer as a single unit. A retailer shall not sell or give away goods included by a manufacturer that are not packaged as a single unit with the original package of cereal malt beverage or

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beer containing not more than six percent alcohol by volume as shipped by the manufacturer.

(2) Any retailer may distribute consumer advertising specialty items, subject to the limitations imposed by this regulation. For the purposes of this regulation, consumer advertising specialty items shall be limited to the following: ashtrays, bottle or can openers, corkscrews, matches, printed recipes, informational pamphlets, cards and leaflets, blotters, postcards, posters, printed sports schedules, pens, pencils, and other items of minimal value as approved by the director. Each consumer advertising specialty item shall contain advertising material relating to a brand name of cereal malt beverage or beer containing not more than six percent alcohol by volume or to the operation of the retailer distributing the consumer advertising specialty item. No charge may be made for any consumer advertising specialty item or any purchase required in order to receive any consumer advertising specialty item.

(h) A retailer shall not open or permit to be opened, on the licensed premises, any container or original package containing cereal malt beverage or beer containing not more than six percent alcohol by volume, unless the retailer is also licensed as an on-premises retailer.

(i) A retailer shall not permit the drinking of alcoholic liquors or cereal malt beverage on or about the licensed premises, unless the retailer is also licensed as an on-premises retailer.

(j) A retailer shall not allow an intoxicated person to frequent, loiter, or be employed upon the licensed premises. A retailer's employee shall not be intoxicated

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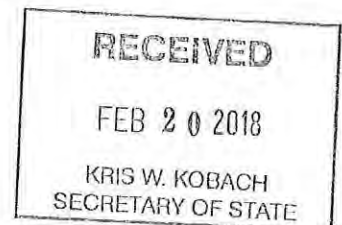
while on duty for the retailer.

(k) A retailer shall not accept or receive from any agent or employee of any licensed distributor any cash rebate or thing of value, or enter into or be a party to any agreement or transaction with any licensed distributor, directly or indirectly, that would result in, or have as its purpose, the purchase of any cereal malt beverage or beer containing not more than six percent alcohol by volume by the retailer at a price less than the listed price that has been filed by the distributor in the office of the director.

(l) A retailer shall not sell, give, or deliver any cereal malt beverage or beer containing not more than six percent alcohol by volume to any person under 21 years of age. A retailer shall not sell, give, or deliver any cereal malt beverage or beer containing not more than six percent alcohol by volume to any person if the retailer knows or has reason to know that the cereal malt beverage or beer containing not more than six percent alcohol by volume is being obtained for a person under 21 years of age.

(m) A retailer shall not purchase or sell any cereal malt beverage or beer containing not more than six percent alcohol by volume on credit. A retailer shall not enter into any transaction or scheme the purpose of which is to buy or sell cereal malt beverage or beer containing not more than six percent alcohol by volume on credit. The following transactions shall be considered to be buying or selling cereal malt beverage or beer containing not more than six percent alcohol by volume on credit:

- (1) Taking or giving a postdated check;
- (2) giving an insufficient funds check;
- (3) taking a check with knowledge that there are insufficient funds to pay the check



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upon presentment;

(4) accepting delivery from a distributor without making payment for the cereal malt beverage or beer containing not more than six percent alcohol by volume when delivered or before delivery; and

(5) allowing any cereal malt beverage or beer containing not more than six percent alcohol by volume to be removed from the licensed premises without receiving payment for the cereal malt beverage or beer containing not more than six percent alcohol by volume.

(n) A retailer shall not fail to make the reports or keep the records required by this article of the division's regulations.

(o) A retailer shall not refill a package of cereal malt beverage or beer containing not more than six percent alcohol by volume and shall not sell cereal malt beverage or beer containing not more than six percent alcohol by volume in anything other than the original package. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



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Article 26. On-Premises Cereal Malt Beverage Retailers

14-26-1. Definitions. As used in this article of the division's regulations, unless the context clearly requires otherwise, each of the following terms shall have the meaning specified in this regulation:

- (a) "Alcoholic liquor" has the meaning specified in K.S.A. 41-102, and amendments thereto.
- (b) "Beer" has the meaning specified in K.S.A. 41-102, and amendments thereto.
- (c) "Cereal malt beverage" has the meaning specified in K.S.A. 41-2701, and amendments thereto.
- (d) "Director" means the director of the division of alcoholic beverage control in the department of revenue.
- (e) "Distributor" has the meaning specified in K.S.A. 41-102, and amendments thereto.
- (f) "Food establishment" has the meaning specified in K.S.A. 65-656, and amendments thereto.
- (g) "Inventory" means a retailer's entire or partial stock of cereal malt beverage or beer containing not more than six percent alcohol by volume.
- (h) "Licensed premises" means those areas described in an application for a cereal malt beverage retailer license issued pursuant to K.S.A. 41-2702, and amendments thereto, that are under the control of the applicant and that are intended as the area in which cereal malt beverage or beer containing not more than six percent alcohol by volume is to be served pursuant to the applicant's license.
- (i) "Person" means any natural person, corporation, partnership, trust, or association.

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(j) "Retailer" means any person who is licensed under the Kansas cereal malt beverage act and who sells or offers for sale any cereal malt beverage or beer containing not more than six percent alcohol by volume for use or consumption on the licensed premises. For the purposes of this article of the division's regulations, this term shall not include any cereal malt beverage retailer also licensed as a drinking establishment, pursuant to the Kansas club and drinking establishment act. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)

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14-26-2. Trade practices; applicability. (a) Each action taken by an industry member or retailer in accordance with interpretive memoranda issued by the alcohol and tobacco tax and trade bureau of the department of the treasury shall be considered good faith compliance with this article of the division's regulations, unless the director has issued a contrary interpretation pertaining to the subject of the memoranda.

(b) The trade practice regulations of the alcohol and tobacco tax and trade bureau of the department of the treasury, as adopted by reference in K.A.R. 14-10-17, shall apply to each retailer, as defined in K.A.R. 14-26-1. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



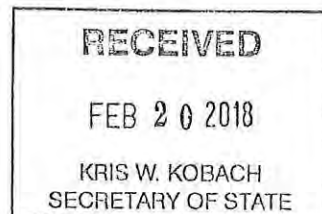
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14-26-3. Retailer's responsibility for conduct of business and employees. Each retailer shall be responsible for the conduct of the retailer's business. Each retailer shall be responsible for all violations of the cereal malt beverage act and this article of the division's regulations by the following people while on the licensed premises:

- (a) Any employee of the retailer;
- (b) the employee of any person contracting with the retailer to provide services or food; and
- (c) any individual mixing, serving, selling, or dispensing cereal malt beverage or beer containing not more than six percent alcohol by volume. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



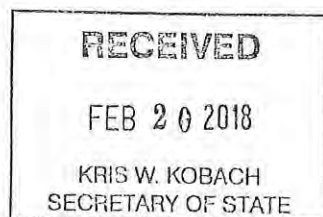
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14-26-4. Refusal of right to enter or inspect licensed premises prohibited. No retailer shall refuse to permit the director, any agent or employee of the director, or any law enforcement officer to perform the following:

- (a) Enter or inspect the licensed premises; and
- (b) inspect any cereal malt beverage or beer containing not more than six percent alcohol by volume in the retailer's possession or under the retailer's control on the licensed premises or on any other premises where the retailer has stored any cereal malt beverage or beer containing not more than six percent alcohol by volume. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



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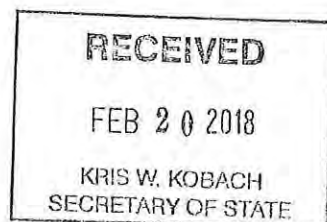
14-26-5. Minimum prices for drinks; acquisition cost. (a) A retailer shall not sell any drink to any person for less than the acquisition cost of that drink to the retailer.

(b) In determining the minimum price of each drink, a retailer shall not include any applicable tax. All tax shall be collected in addition to the minimum price for the drink itself.

(c) The cost of each of the following items shall be included in the acquisition cost of each drink:

(1) All cereal malt beverage or beer containing not more than six percent alcohol by volume; and

(2) any nonalcoholic liquid. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



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14-26-6. Recordkeeping. (a) Each retailer purchasing cereal malt beverage or beer containing not more than six percent alcohol by volume from a licensed distributor shall obtain a numbered invoice or purchase order that contains the following information:

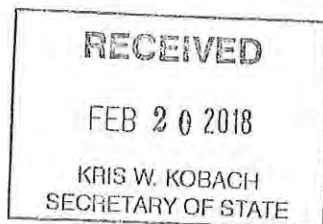
- (1) The date of purchase;
- (2) the name, address, and license number of the retailer;
- (3) the name, address, and license number of the distributor;
- (4) the name of the individual making the purchase for the retailer;
- (5) the brand, size, and amount of each brand purchased;
- (6) the unit cost and total price for each brand and size; and
- (7) the subtotal of the cost of the cereal malt beverage or beer containing not more than six percent alcohol by volume purchased and the total cost of the order including delivery charge, if any.

(b) The retailer shall keep a copy of each sales receipt for the sale of cereal malt beverage or beer containing not more than six percent alcohol by volume made to a customer.

(c) The retailer shall keep a copy of each invoice, purchase order, or sales ticket required by this regulation for at least three years from the date on which the cereal malt beverage or beer containing not more than six percent alcohol by volume was sold.

(d) The retailer shall keep a copy of the diagram of the licensed premises, as submitted with the initial application, on the licensed premises and shall make a copy available for inspection upon request.

(e) The records required by this regulation shall be available for inspection by the director, any agent or employee of the director, the secretary, or any law



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enforcement officer upon request.

(1) Each record required by this regulation shall be maintained on the retailer's licensed premises for at least 90 days after the sale. These records may be maintained in electronic format and shall be capable of being printed immediately upon request.

(2) After 90 days, all records required by this regulation may be stored and maintained off the licensed premises and shall be provided in electronic or paper format within seven business days upon request. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)

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14-26-7. Storage of cereal malt beverage or beer containing not more than six percent alcohol by volume; removal from licensed premises. (a) Each retailer shall store its cereal malt beverage and beer containing not more than six percent alcohol by volume only on the licensed premises of the retailer, unless the retailer has received prior approval in writing from the director to do otherwise.

(b) No retailer, and no owner, employee, or agent of the retailer, shall sell any cereal malt beverage or beer containing not more than six percent alcohol by volume for consumption off the licensed premises, unless the retailer also has a valid license to sell or offer for sale cereal malt beverage and beer containing not more than six percent alcohol by volume for consumption off the licensed premises.

(c) No cereal malt beverage or beer containing not more than six percent alcohol by volume that has been purchased on the licensed premises and has been opened and sold for consumption on the licensed premises shall be removed from the licensed premises. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



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14-26-8. Transfer of retailer's inventory; application for permission; seizure and sale of abandoned inventory. (a) If a retailer's license has expired or been surrendered or revoked, that retailer may apply to the director for permission to transfer the retailer's inventory to another licensee.

(b) The application to transfer the retailer's inventory shall be submitted on forms prescribed by the director and shall contain the following:

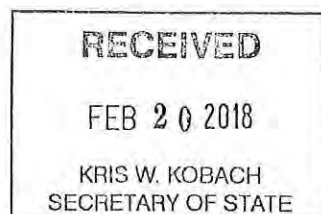
- (1) The retailer's name and license number;
- (2) the purchaser's name and license number;
- (3) the gross sale price of the transferred inventory; and
- (4) the quantity, brand, and type of each container or package of cereal malt beverage or beer containing not more than six percent alcohol by volume to be transferred.

(c) No cereal malt beverage or beer containing not more than six percent alcohol by volume in the possession of a retailer shall be transferred under the provisions of subsection (a) unless the director has granted written permission.

(d) The director may deny an application to transfer inventory under the provisions of subsection (a) if the retailer owes either of the following:

- (1) Any applicable tax; or
- (2) any fines imposed pursuant to applicable law.

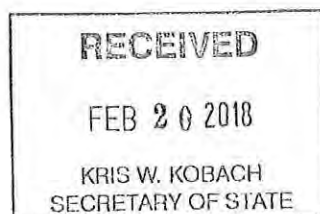
(e) The director or any employee or agent of the director may seize and sell any inventory located on the premises subject to a retailer's license if the director determines that the inventory has been abandoned by the licensee. The director may consider any of the following criteria in making a determination that the inventory has been abandoned:



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- (1) The licensee no longer occupies the building and has left inventory in the building.
- (2) The licensee has been evicted and has made no attempt to collect the inventory.
- (3) Attempts to contact the licensee to determine the licensee's plans for the inventory have been unsuccessful.
- (4) The presence of the inventory in the building poses a threat to the public health, safety, and welfare or to the orderly regulation of the market.
- (f) Upon the director's determination that the inventory has been abandoned, the director shall notify the retailer, in writing, of the director's intent to seize and sell the inventory. If, within seven calendar days after the date of the director's notice, the retailer has not notified the director that the retailer intends to maintain possession of the inventory, the director may seize and sell the inventory.
- (g) The proceeds from the sale of any inventory specified in subsection (e) shall be deposited into the state general fund. (Authorized by and implementing K.S.A. 2017 Supp. 41-212; effective P-_____.)



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STATE OF KANSAS

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**KANSAS DEPARTMENT OF REVENUE – ALCOHOLIC BEVERAGE CONTROL DIVISION
ECONOMIC IMPACT STATEMENT
K.A.R. 14-13-1, 14-13-2, 14-13-10 & 14-13-13**

I. Summary of Proposed Regulations.

K.A.R. 14-13-1, 14-13-2, 14-13-10 and 14-13-13 amend certain regulations pertaining to retail liquor stores authorizing new rights effective April 1, 2019 and clarifying existing regulations.

II. Reason or Reasons the Proposed Regulation is Required, Including Whether or not the Regulation is Mandated by Federal Law.

2017 House Sub for SB 13 amended certain rights for retail liquor stores. Effective April 1, 2019 retail liquor stores will be able to sell CMB and up to 20% other goods and services in addition to alcoholic liquor. Lottery, cigarette and tobacco sales are excluded from the 20% other goods and services limit. This regulation is not mandated by federal law, and, therefore, the regulation does not exceed the requirements of federal law.

III. Anticipated Economic Impact upon the Kansas Department of Revenue – Alcoholic Beverage Control Division.

The adoption of these regulations will clarify retail liquor store reporting requirements. There are no additional FTEs needed. There is no anticipated impact regarding liquor enforcement at this time.

IV. Anticipated Financial Impact upon other Government Agencies and upon Private Business or Individuals.

There is no economic impact on other governmental agencies. Retail liquor store owners will have the ability to expand their sales which will help to off-set the shift of some sales of beer from retail liquor stores to grocery and convenience stores holding a CMB retailer license.

V. Description of any Less Costly or Less Intrusive Methods that were Considered by the Department of Revenue – Alcoholic Beverage Control Division for Achieving the State Purpose of the Regulation and the Reason that those Methods were Rejected in Favor of the Proposed Regulation.

None.



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**KANSAS DEPARTMENT OF REVENUE – ALCOHOLIC BEVERAGE CONTROL DIVISION
ECONOMIC IMPACT STATEMENT**

K.A.R. 14-25-1, 14-25-2, 14-25-3, 14-25-4, 14-25-5, & 14-25-6

I. Summary of Proposed Regulations.

Chapter 14, new article 25 creates regulations for cereal malt beverage (CMB) retailers pertaining to new rights of the CMB retailer license effective April 1, 2019 who possess a CMB retailer license for sales of beer or CMB for consumption off and away from the licensed premise.

II. Reason or Reasons the Proposed Regulation is Required, Including Whether or not the Regulation is Mandated by Federal Law.

2017 House Sub for SB 13 authorized sales of beer up to 6% alcohol by volume by CMB retailers and tasked the Alcoholic Beverage Control (ABC) director with regulating these sales to ensure an orderly market. This regulation is not mandated by federal law, and therefore, the regulation does not exceed the requirements of federal law.

III. Anticipated Economic Impact upon the Kansas Department of Revenue – Alcoholic Beverage Control Division.

The adoption of these regulations will not require additional FTEs. There is no anticipated impact regarding liquor enforcement at this time.

IV. Anticipated Financial Impact upon other Government Agencies and upon Private Business or Individuals.

There is no economic impact on other government agencies anticipated. Effective April 1, 2019, off-premise CMB retailers will also be able to expand their inventory to sell beer not more than 6% alcohol by volume in addition to the CMB they currently sell.

V. Description of any Less Costly or Less Intrusive Methods that were Considered by the Department of Revenue – Alcoholic Beverage Control Division for Achieving the State Purpose of the Regulation and the Reason that those Methods were Rejected in Favor of the Proposed Regulation.

None.

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**KRIS W. KOBACH
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Proposed

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**KANSAS DEPARTMENT OF REVENUE – ALCOHOLIC BEVERAGE CONTROL DIVISION
ECONOMIC IMPACT STATEMENT**

K.A.R. 14-26-1, 14-26-2, 14-26-3, 14-26-4, 14-26-5, 14-26-6, 14-26-7, & 14-26-8

I. Summary of Proposed Regulations.

Chapter 14, new article 26 creates regulations pertaining to new rights of the CMB retailer license effective April 1, 2019 for cereal malt beverage (CMB) retailers who possess a CMB retailer's license to sell beer and CMB for consumption on the licensed premises.

II. Reason or Reasons the Proposed Regulation is Required, Including Whether or not the Regulation is Mandated by Federal Law.

2017 House Sub for SB 13 authorized sales of beer up to 6% alcohol by volume by CMB retailers and tasked the Alcoholic Beverage Control (ABC) director with regulating these sales to ensure an orderly market. This regulation is not mandated by federal law, and, therefore, the regulation does not exceed the requirements of federal law.

III. Anticipated Economic Impact upon the Kansas Department of Revenue – Alcoholic Beverage Control Division.

The adoption of these regulations will not require additional FTEs. There is no anticipated impact regarding liquor enforcement at this time.

IV. Anticipated Financial Impact upon other Government Agencies and upon Private Business or Individuals.

No economic impact to other governmental agencies is anticipated. Effective April 1, 2019, on-premise CMB retailers will also be able to sell beer not more than 6% alcohol by volume in addition to the CMB they currently sell.

V. Description of any Less Costly or Less Intrusive Methods that were Considered by the Department of Revenue – Alcoholic Beverage Control Division for Achieving the State Purpose of the Regulation and the Reason that those Methods were Rejected in Favor of the Proposed Regulation.

None.

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KRIS W. KOBACH
SECRETARY OF STATE