

SESSION OF 2014

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2223

As Amended by Senate Committee on Federal
and State Affairs

Brief*

Sub. for HB 2223, as amended, would modify three provisions of the Kansas Liquor Control Act.

The bill would allow a homemade fermented beverage to be provided to guests and judges at a contest or competition so long as no compensation is provided to the maker either for producing the beverage or allowing its consumption. The term "guest" would be defined as a natural person known to the host and who received a private invitation to the event conducted by the host.

The bill would raise from 15,000 to 30,000 barrels of domestic beer that may be produced in a calendar year by a Kansas microbrewery licensee.

The bill also would modify the current citizenship requirement for a Liquor Control Act licensee to only require U.S. citizenship.

The provisions in the bill would be in effect upon publication in the *Kansas Register*.

Background

HB 2223. There were two proponents for HB 2223, one from the Home Brew Club Bier Meisters and another home brewer who authored the bill as introduced.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Testifying in opposition to the bill as introduced were the Director of Alcoholic Beverage Control (ABC) and a representative of the Kansas Beer Wholesaler's Association.

The House Committee asked the proponents to meet with the Director of ABC and to find compromise language that the Director would find acceptable. The House Committee adopted the provisions in a substitute bill, after review by the Director of ABC, that would allow the home brewers to accomplish much of what they sought in the original bill, namely tasting and judging events where their beverages might be shared and rated by other persons.

The Senate Committee amended Sub. for HB 2223 by modifying the bill as passed by the House, and by adding provisions from two other bills previously considered.

First, the Senate Committee moved the new provisions of Sub. for HB 2223 concerning home brewers' guests and tastings to modify a different section of current law.

Second, the Senate Committee added provisions from SB 346, as passed by the Senate, increasing the annual beer production limit for microbreweries from 15,000 barrels to 30,000 barrels.

Third, the Senate Committee struck a current licensing requirement that any person seeking a license under the Kansas Liquor Control Act must wait 10 years after becoming a U.S. citizen. The provision requiring only U.S. citizenship, with no subsequent waiting period, had been included in 2013 SB 203, as well as other bills considered previously by the Legislature, but was never enacted.

Finally, the Senate Committee made the effective date of the bill upon publication in the *Kansas Register*.

The fiscal note provided by the Division of the Budget reported that the Department of Revenue estimated the HB 2223, as introduced, would increase its FY 2014 expenditures

by \$4,800 to modify the Division of Alcoholic Beverage Control's computer system. A fiscal note was not available for the substitute bill.

SB 346, as introduced, would have raised the maximum allowable domestic beer production by a Kansas microbrewery licensee from 15,000 to 60,000 barrels. Currently, Kansas has four licensed microbreweries annually producing between 1,000 and 10,000 barrels of domestic beer per year. None currently produces over 10,000 barrels.

Proponents for the bill in the Senate Committee on Federal and State Affairs included representatives of the Kansas Department of Agriculture, the Kansas Craft Brewers Guild, and Free State Brewing Company. Written testimony supporting the bill was submitted by the the High Noon Saloon and Brewery and by the Tallgrass Brewing Company .

Neutral testimony was presented by a representative of the Kansas Wine and Spirits Wholesalers.

Opposing the bill was a representative of the Kansas Beer Wholesalers Association.

The Senate Committee amended the bill by reducing the new proposed production limit for domestic beer from 60,000 to 30,000 barrels and by clarifying the period of time referred to a calendar year for a production limit. The bill, as introduced, used an obsolete reference to a license year period, which in current law would be a two-year licensing period, not one calendar year.

The fiscal note for SB 346 provided by the Division of the Budget stated the Department of Revenue indicates the bill, as introduced, would have no fiscal effect on state revenues, unless there would be an increase liquor tax receipts if additional barrels of domestic beer were manufactured and sold by microbreweries. No fiscal noted was available for the bill, as amended.