
**Alcoholic Beverage Control
Division**
Legislative Briefing



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ABC Mission

It is the mission of the ABC division to promote, serve and protect the health, safety, and welfare of Kansans by regulating the liquor industry, enforcing liquor laws and other laws administered by the Kansas Department of Revenue (KDOR).

ABC Priorities

In addition to its primary focus on public health and safety, the ABC continues to place priority on the following:

- Customer service.
 - Being accessible and responsive to calls and emails.
 - Answering inquiries and questions timely.
 - Providing accurate, useful information and guidance, while avoiding the provision of direct legal advice.
- Education.
 - Helping licensees to comply with liquor laws.
 - Hand-delivery of new licenses to in-state applicants by ABC enforcement agents. If their schedule prohibits license delivery, the license is emailed. The enforcement agent then performs an educational visit within 14 days.
 - Educational visits by enforcement agents as requested by licensees and stakeholders.
 - Focused effort on changing behavior of repeat violators through education and enforcement. For example, if a licensee fails an underage compliance check, the licensee will get a follow up compliance check with the goal of reducing recidivism.
- Maintaining a level playing field in the liquor industry.
 - Annual inspections for all liquor licensees.
 - Dutiful investigation of 100% of all complaints received.
 - Conducting stakeholder meetings to get the industry's full input prior to policy changes.
- Efficiencies and online services.
 - Requiring applications to be filed online. Online system updates coming soon!
 - Maintenance of ABC website. The website is updated regularly, easy to navigate and provides links to handbooks, statutes, and regulations.
 - Improvement of ABC Facebook page. A renewed effort has been made to consistently and regularly post relevant information for the benefit of licensees and stakeholders.

[2023 Legislative Changes](#)

House Bill 2059 – Effective upon publication in the Kansas Register May 4, 2023 unless specified below. The full text of the bill may be viewed at [HB 2059](#).

Microbreweries, Food Establishments and Dogs

Dogs are now permitted to be present in outside areas of microbreweries (as defined in K.S.A. 41-102) and food establishments (as defined in K.S.A. 65-656), subject to several sanitation and control guidelines. If the business is a microbrewery, dogs are also permitted in indoor areas (other than food or drink preparation areas) subject to those same guidelines.

Charitable Raffles

Effective July 1, 2023, alcoholic liquor or cereal malt beverage may be offered as a prize provided the charitable raffle is conducted in accordance with K.S.A 75-5171. The recipient of the prize must be at least 21 years of age.

Distributors

Amends existing law for spirits, wine, and beer distributors to parallel federal law for providing samples to licensees. Samples may be offered to the licensee or their employees for products not purchased by the licensee in the previous 12 months. Sample size maximum: 3 liters of distilled spirits or wine, and three gallons per brand of beer or cereal malt beverage.

Note: K.A.R. 14-14-6a conflicts with this new law. As a result, the ABC will not enforce K.A.R. 14-14-6a(a)(b)(c) the conflicting regulations until they are revoked.

Special Order Shippers

Effective July 1, 2023, all out-of-state special order shippers must electronically file their sales reports and pay gallonage tax monthly.

Common Consumption Areas

Effective July 1, 2023, allows cities/counties the option to keep streets open to vehicle traffic during events. Requires appropriate signs conspicuously posted to identify the boundaries of such area in a size and manner that provides notice to persons entering or leaving the area.

Cereal Malt Beverage On-Premises Retailers

Removes the requirement for at least 30% of Sunday sales to be food sales.

Shipments of Alcoholic Liquor to Kansas Residents

Common carriers reported shipments of known alcoholic liquor to Kansas residents as follows:

Calendar Year	Number of Shipments
2020	198,556
2021	212,483
2022	166,898
2023*	140,580

* Data from December 2022 – November 2023

Unlawful Shipments of Alcoholic Liquor to Kansas Residents

ABC has previously reported that unlawful shipments of alcoholic liquor is a known problem and continues to be an issue. This is an issue for all states.

The only direct to consumer shipments currently authorized by law are shipments of wine provided the winery (in-state and out-of-state) has a Kansas special order shipping license.

Unlawful shipments increase public health and safety concerns such as:

- Shipments by unlicensed entities.
 - may not have a license in the state they are located in, nor are they licensed by the Alcohol and Tobacco Tax and Trade Bureau (TTB).
 - unlicensed entities do not label the packages as required by Kansas law clearly marked “Alcoholic Beverages, Adult Signature Required”.
- Underage access issues.
 - it is easy to obtain alcohol ordering online. Each carrier must obtain a signature of an adult at least 21 years of age prior to delivering the known shipment of wine. (K.S.A. 41-350).
- Public health and safety.
 - unlicensed entities increase the risk for tainted and fake alcohol.
 - such businesses may be totally unregulated.

Additionally, there is a significant loss of revenue due to the State of Kansas in the form of unpaid liquor enforcement tax and gallonage tax.

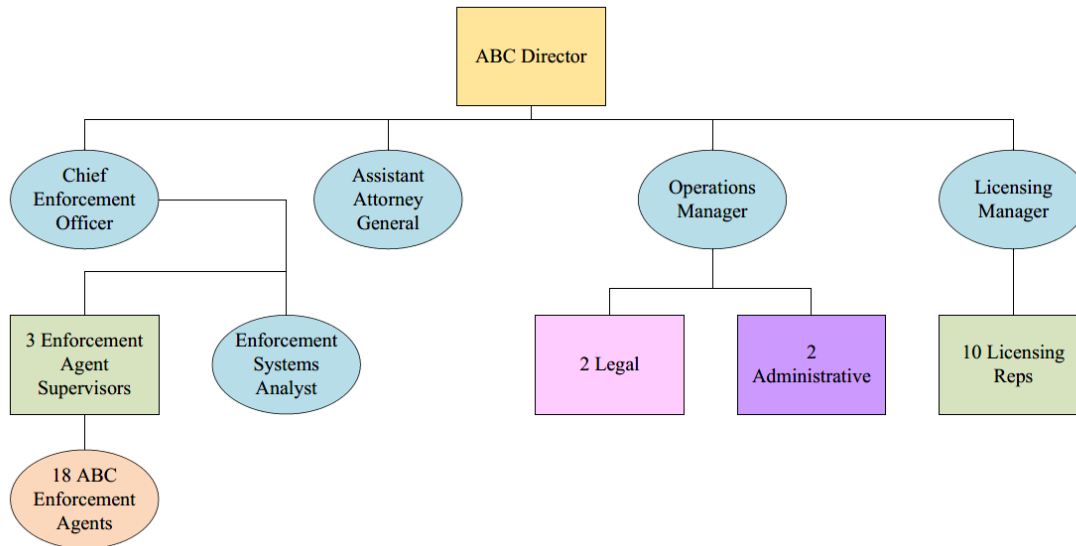
ABC has one associate who works on identifying unlawful shipments of alcohol as part of their duties. We are currently doing a small reorganization so two associates will be working on these to help identify unlawful shipments in a timelier manner.

The ABC’s Chief Enforcement Officer is a member of the National Liquor Law Enforcement Association (NLLEA) Direct to Consumer Shipping Workgroup. This work group focuses on illegal national and international alcohol shipping practices and the potential results, such as tainted liquor, loss of revenue to licensed businesses and tax evasion.

ABC Organizational Chart

The ABC division when fully staffed has 41 positions. Currently, we have three vacant enforcement agent positions. The ABC is comprised of four work units:

- Administration (one vacant)
- Licensing
- Enforcement (four vacant)
- Legal



Administration

The operations manager oversees the administrative and legal units in addition to also managing multiple federal underage enforcement grants and the budget. The administrative officer position analyzes special order shipping, fulfillment house and common carrier reports to identify unlawful shipments of alcoholic liquor to Kansas consumers. The senior administrative specialist position researches and enters purchase requests for the division.

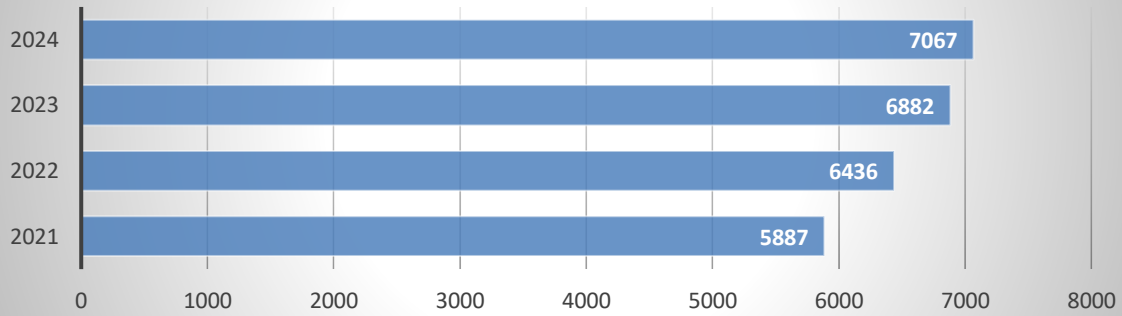
Licensing

The licensing unit is staffed by a licensing manager and ten licensing representatives who process and issue all liquor licenses and permits, register labels of alcoholic liquor, and collect gallonage tax.

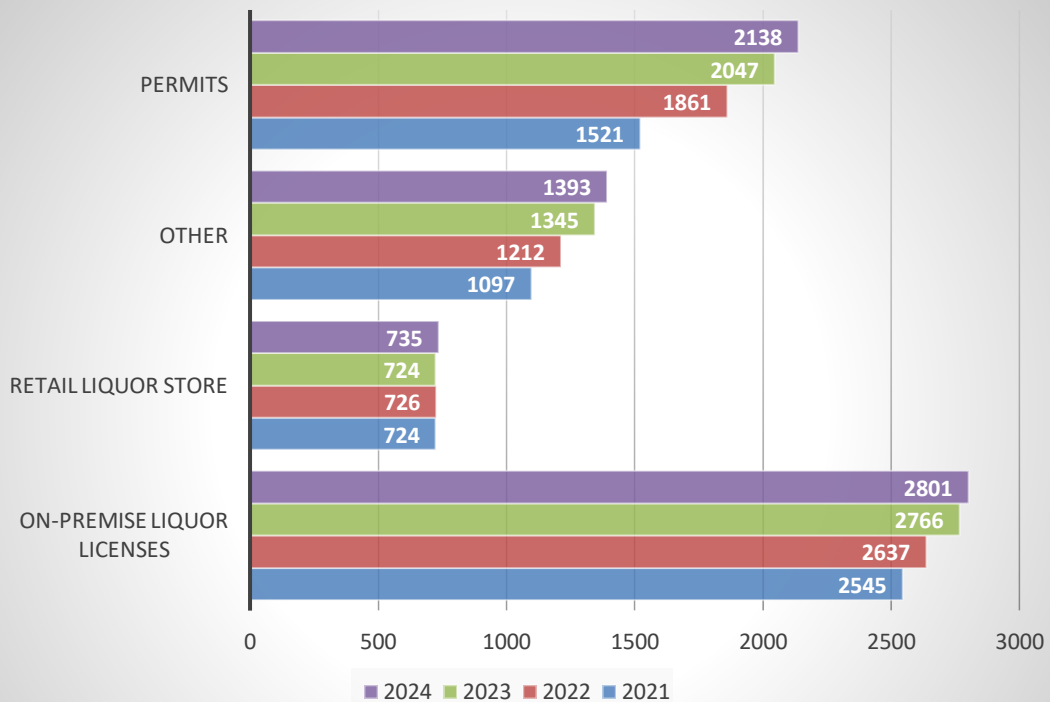
In 2023, 94% of all applications were submitted to the ABC online.

The following graphs are snapshots capturing the number of active liquor licenses, permits and registered labels.

Total Liquor Licenses and Permits



Liquor Licenses and Permits

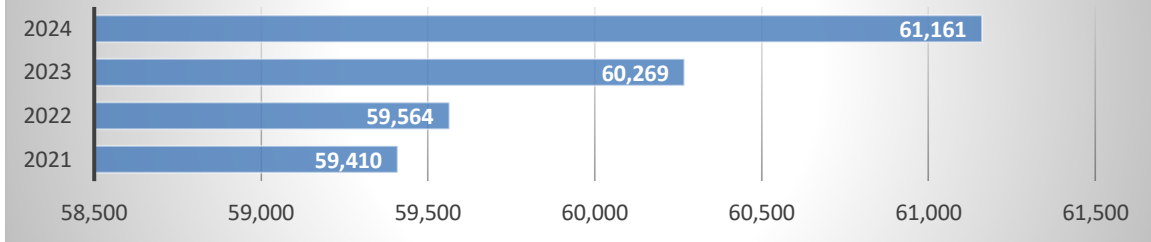


Permits Includes: Common Consumption Area, Farmers' Market Sales, Non-Beverage, Packaging & Warehousing Facility, Supplier, and Temporary Permits

Other Includes : Distributor, Farm Winery, Farm Winery Outlet, Fulfillment House, Manufacturer, Microbrewery, Microbrewery Packaging & Warehousing Facility, Microdistillery, Microdistillery Packaging & Warehousing Facility, Non-Beverage User, Producer, and Special Order Shipping

On-Premise Includes: Caterer, Class A Club, Class B Club, Drinking Establishment, Drinking Establishment/Caterer, Hotel Drinking Establishment, Hotel Drinking Establishment/Caterer, and Public Venue

Approved Alcoholic Beverage Labels

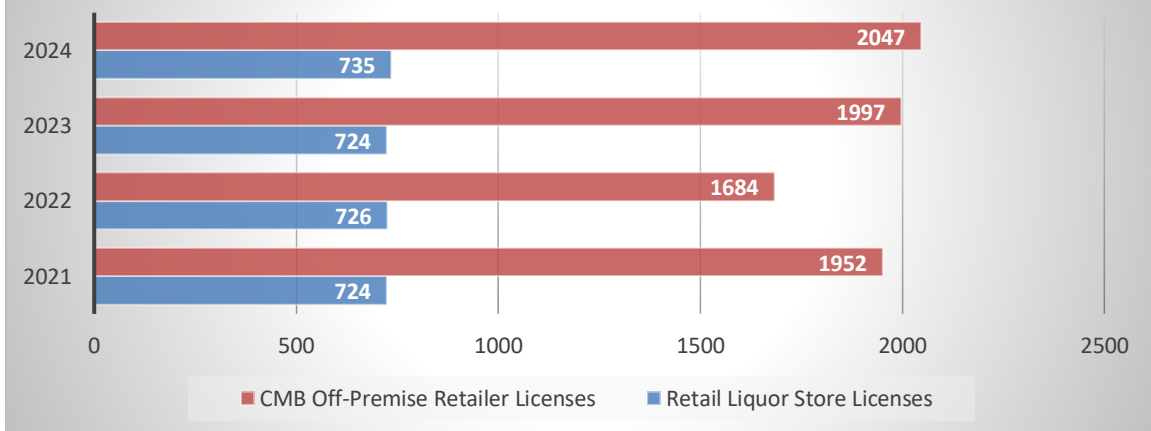


Cereal Malt Beverage (CMB)

CMB retailers are licensed and regulated by the cities and counties. The locally issued CMB license allows the business to sell CMB and flavored malt beverages (FMB) containing 3.2% alcohol by weight (ABW) or less and beer not more than 6% alcohol by volume (ABV) without additional licensing from the ABC.

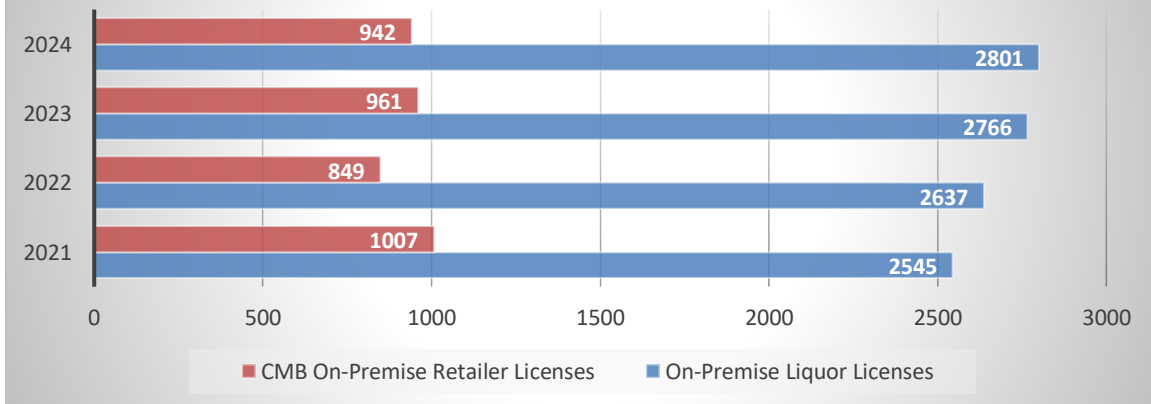
Off-Premise Retailer License Comparison

CMB data derived from cities and counties issuing the license.



On-Premise License Comparison

CMB data derived from cities and counties issuing the license.



Gallongage Tax

The licensing unit is responsible for collecting gallongage taxes while the miscellaneous tax segment within the Division of Taxation is responsible for collecting liquor enforcement and liquor drink taxes.

Gallongage Tax Rates per Gallon

Alcohol/Spirits	\$2.50	Fortified Wine	\$0.75
Beer, CMB and FMB	\$0.18	Light Wine	\$0.30

CMB and Liquor Revenue

Revenue Collected by the ABC

Revenue Source	FY 2020	FY 2021	FY 2022	FY 2023
Liquor License, Registration & Permit fees	\$3,835,764	\$3,233,159	\$3,834,060	\$3,217,278
Label fees	\$1,313,020	\$1,541,918	\$1,430,184	\$1,422,550
CMB Retail Stamps	\$78,300	\$75,840	\$77,600	\$93,775
Liquor Admin Violation Fines	\$91,350	\$35,875	\$106,900	\$124,751
Liquor Tax Violation Fines	\$177,425	\$95,636	\$104,940	\$93,680
CMB Violation Fines	\$16,300	\$10,200	\$43,450	\$25,700
Gallongage – Alcohol & Spirits*	\$11,645,348	\$13,870,982	\$14,049,048	\$14,049,492
Gallongage – Beer	\$9,349,792	\$10,543,754	\$10,136,627	\$10,167,112
Gallongage – CMB	\$599,353	\$108,585	\$89,750	\$81,181
Gallongage – Light Wine	\$1,292,244	\$1,313,025	\$1,257,764	\$1,231,495
Gallongage – Fortified Wine	\$255,299	\$348,486	\$334,730	\$226,496
Total	\$28,654,194	\$31,177,460	\$31,465,054	\$30,733,509

* 10% of gallongage tax on alcohol and spirits goes to Kansas Department of Aging and Disability Services (KDADS) community alcoholism and intoxication program and 90% to the state general fund.

Tax Revenue Collected by the Division of Taxation

Tax Type	FY 2020	FY 2021	FY 2022	FY 2023
Liquor Enforcement (8% tax)	\$74,666,698	\$81,877,899	\$82,451,516	\$83,675,107
Liquor Drink (10% tax)*	\$41,399,255	\$41,378,455	\$54,937,275	\$59,730,124
Total	\$116,065,953	\$123,256,354	\$137,388,791	\$143,405,231

* 70% of liquor drink tax goes to local alcoholic liquor fund; 5% goes to the KDADS community alcoholism and intoxication program and 25% to the state general fund.

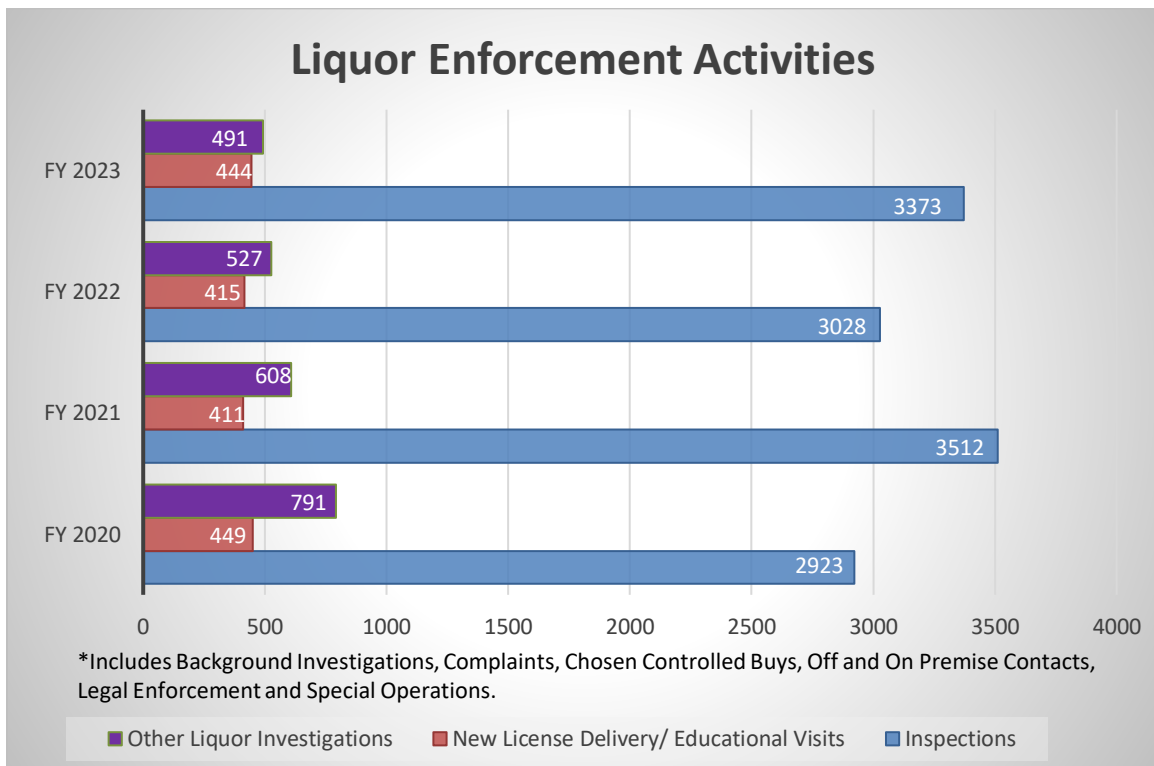
Enforcement

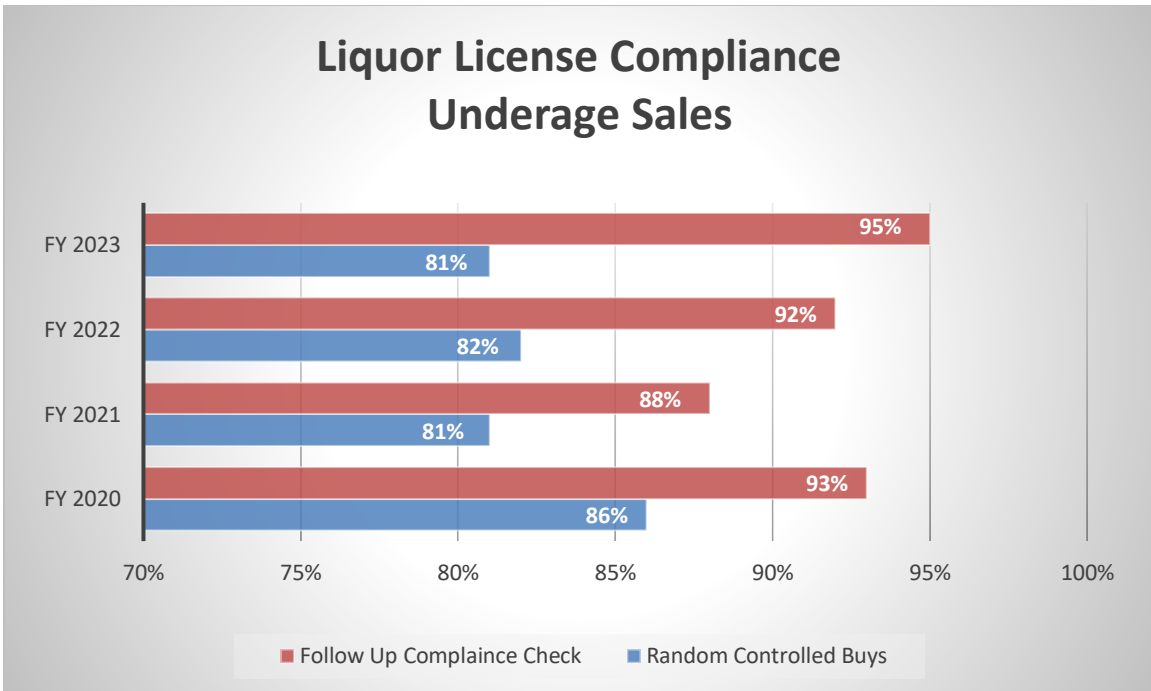
The enforcement unit provides investigative services necessary for the ABC division to effectively enforce Kansas liquor laws. There are currently 18 enforcement agent positions (three are vacant) and three enforcement supervisors commanded by a chief enforcement officer and all are certified law enforcement officers. Enforcement priorities are:

1. Educate and Train
 - a. Liquor licensees, owners, and managers on liquor law compliance.
 - b. Local law enforcement officers, regional prevention centers (RPC) and other coalitions.

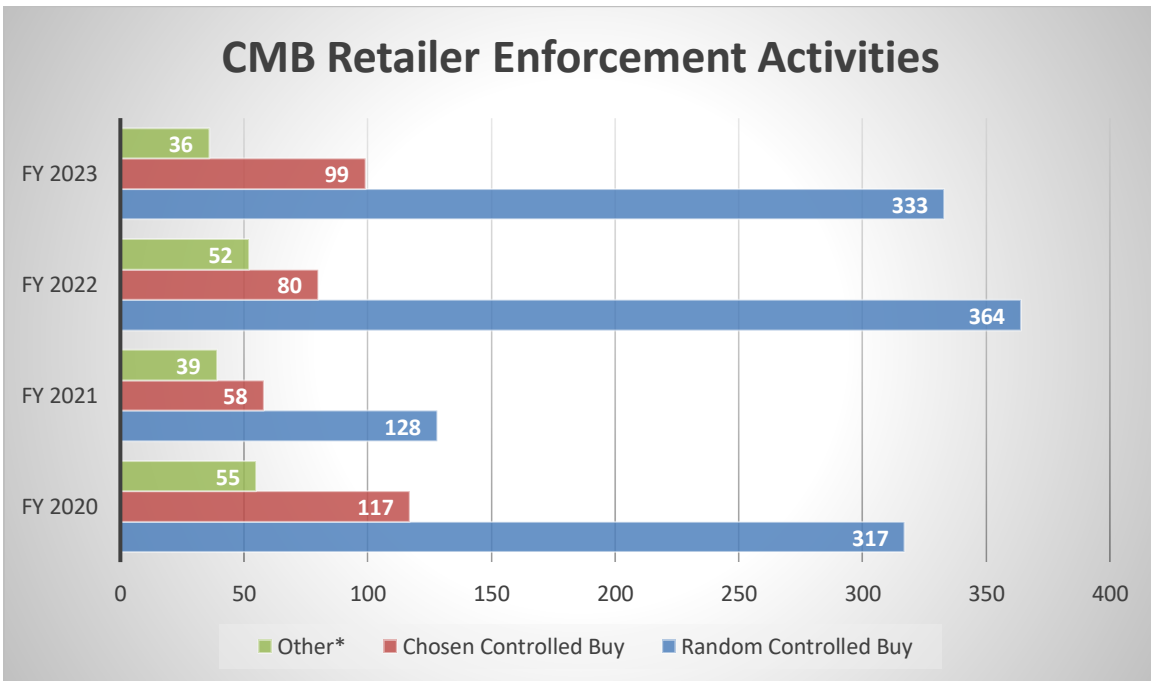
2. Investigate
 - a. Liquor license applicant qualifications.
 - b. Potential hidden ownerships.
 - c. Underage enforcement activities including controlled-buy investigations, bar checks and furnisher checks for liquor and CMB.
 - d. Complaints. 100% of all complaints are investigated.
3. Enforce
 - a. Liquor laws through routine inspections.
 - b. Joint enforcement operations with other law enforcement agencies focusing on issues related to public safety including underage laws, over-service and source investigations (i.e., Fake ID Task Force and Operation Safe Streets).
 - c. The tax on illegal drugs on behalf of the director of taxation.

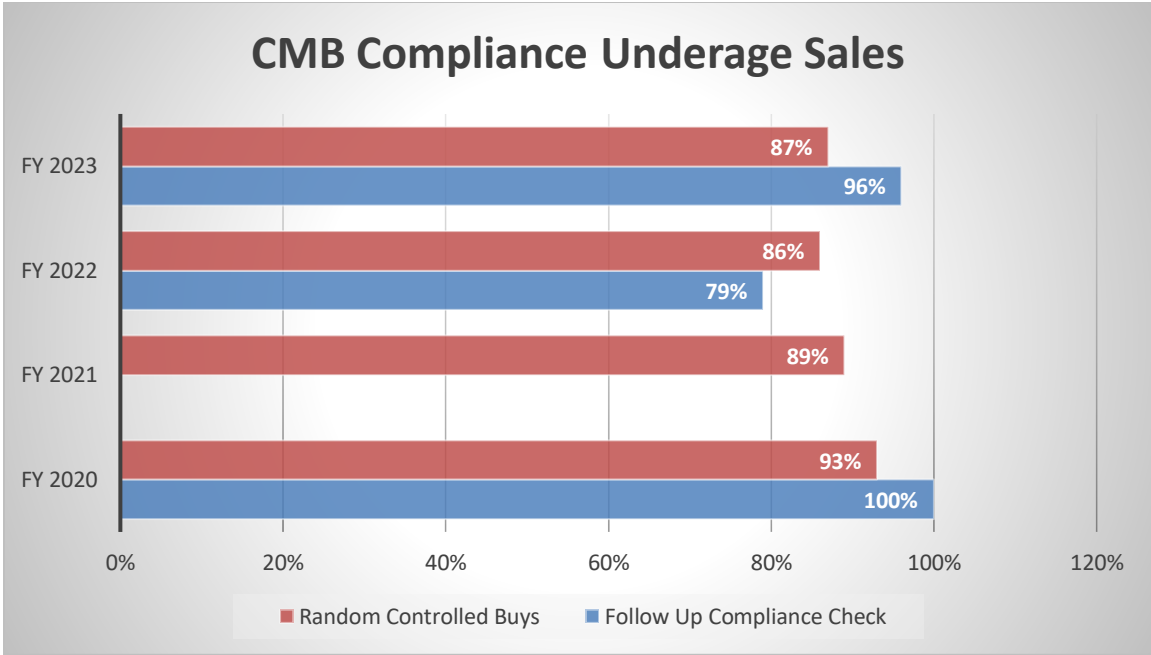
Enforcement agents present investigations resulting in alleged administrative violations to the ABC Assistant Attorney General (AAG) for potential administrative action against the license. They also present cases of alleged criminal violations to the county or district attorney for possible criminal prosecution against the individual suspect.





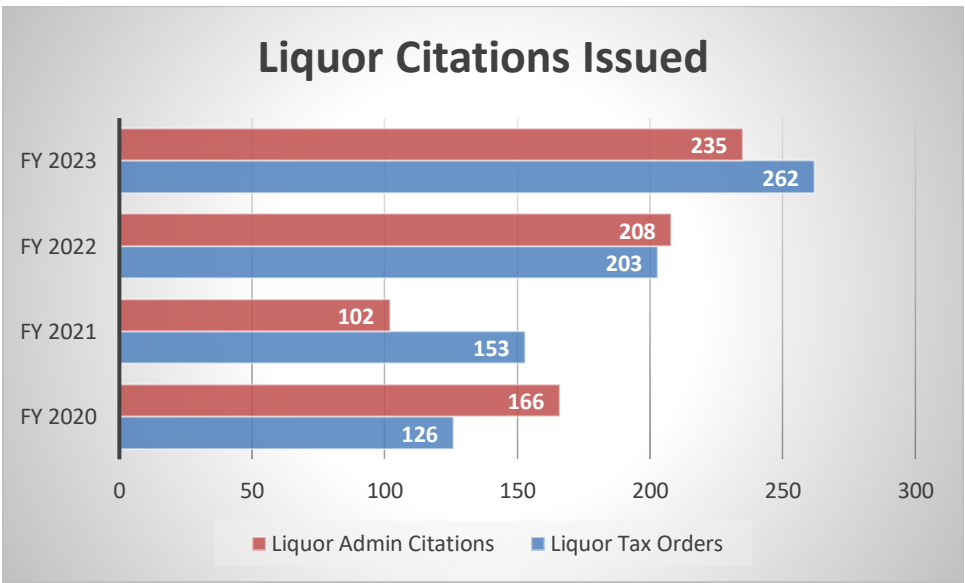
Legislation effective April 1, 2019, allowed CMB retailers to sell beer no more than 6% ABV and charged ABC with oversight of the beer sales.

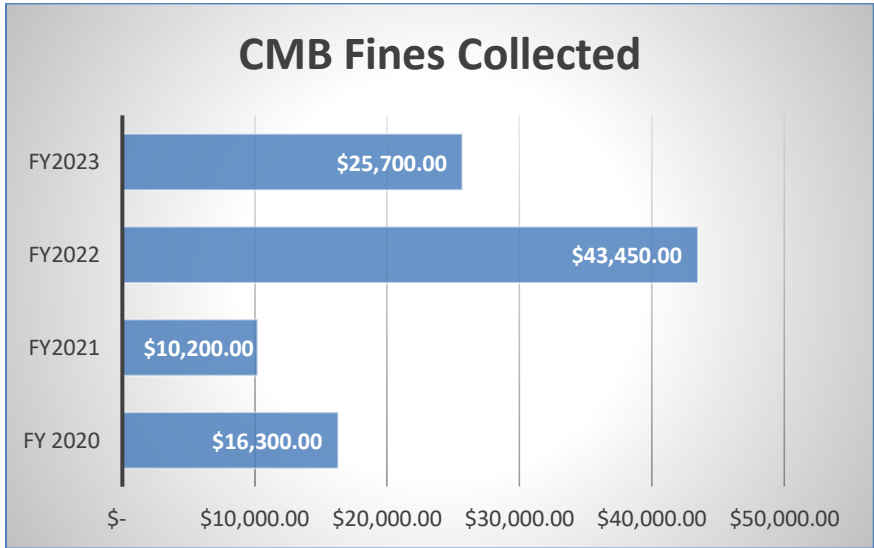
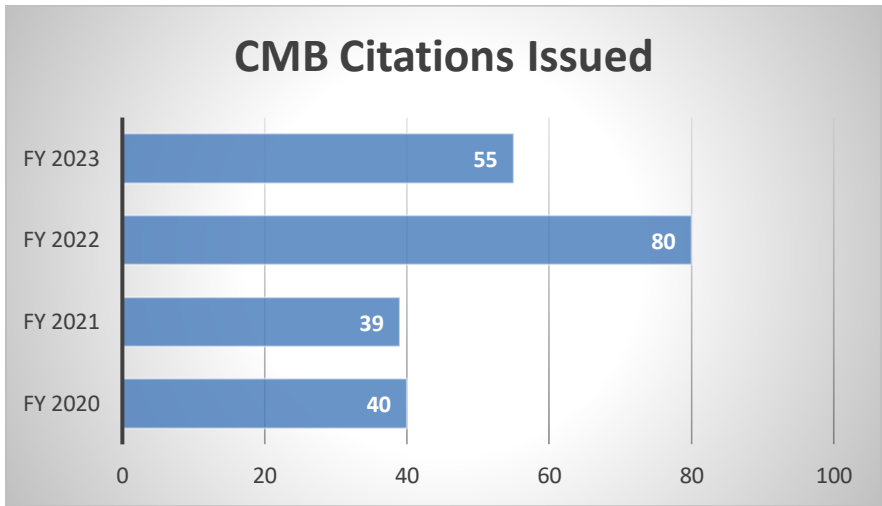
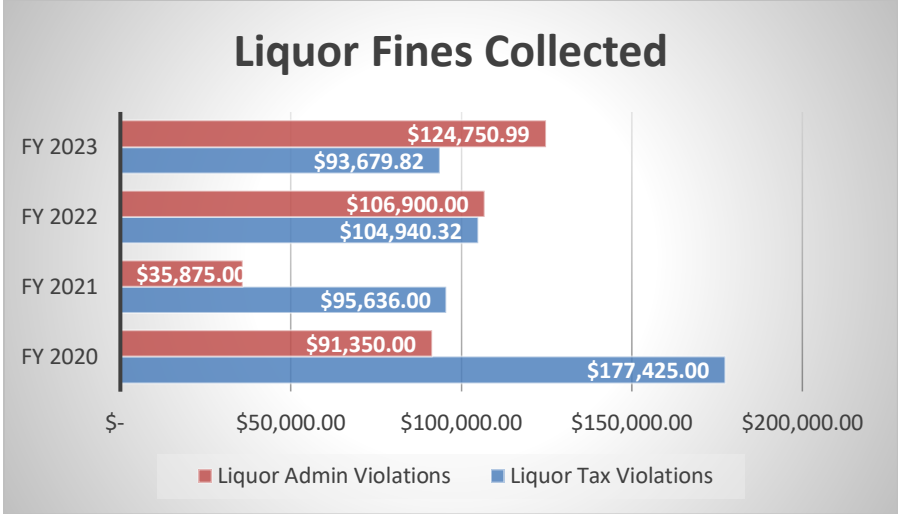




ABC Legal

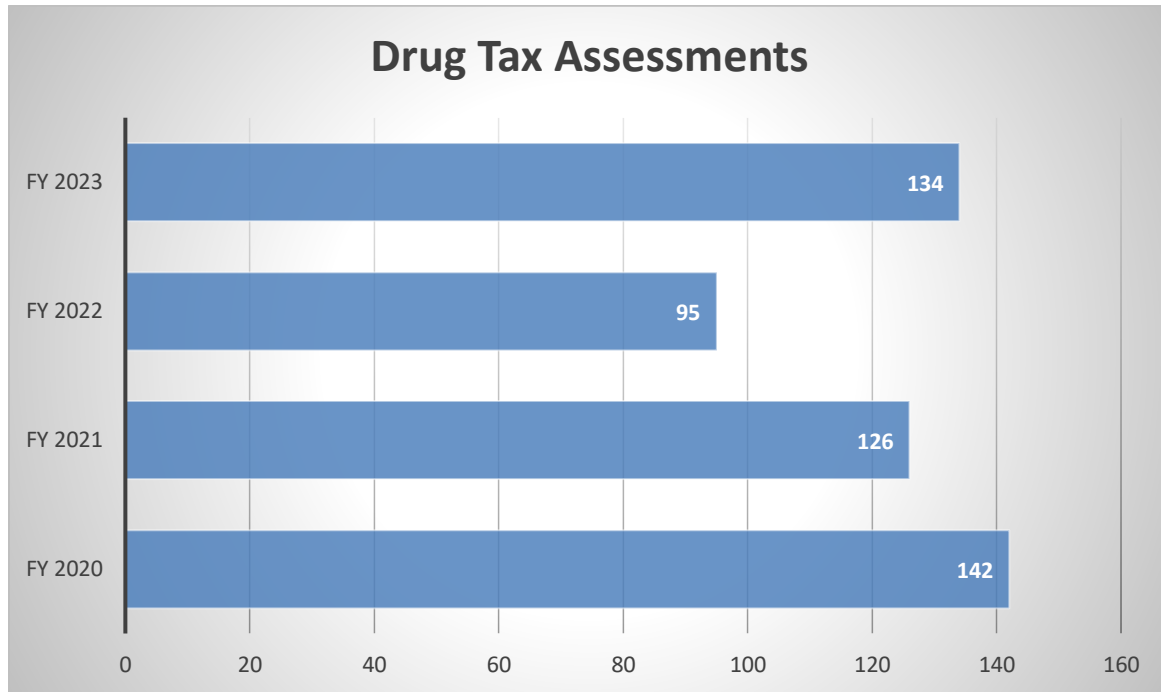
The ABC legal unit is staffed by a legal assistant and a program consultant who prepare liquor and cereal malt beverage administrative cases for review by the Assistant Attorney General. They process legal orders, collect fine payments and schedule hearing dockets that are held before the Director. The legal assistant is also the evidence custodian for the division. The program consultant also performs background checks on all liquor license applicants to ensure they are qualified in addition to performing multiple administrative tasks for the division.





Drug Tax Enforcement

ABC enforcement agents enforce the tax on illegal drugs across the state by issuing drug tax assessments, executing tax warrants, and securing property from drug tax violators to satisfy the drug tax debt. A minimum assessment of \$1,000 was established by the division of taxation who is responsible for collecting the tax.



Licensee Surveys

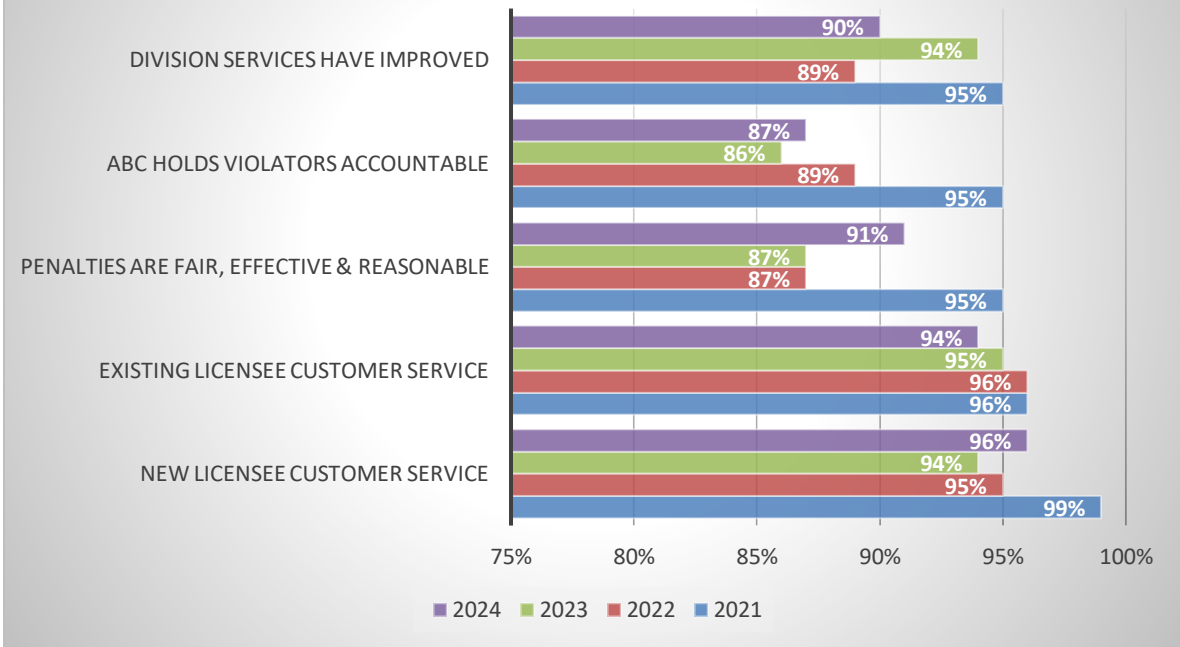
The ABC is focused on providing first-rate customer service and maintaining a level playing field. To measure the effectiveness and perception of the ABC, anonymous surveys were sent as follows:

1. All new licensees/permit holders who provided an email address were sent a survey focusing on the licensing experience, license delivery and education provided by their local enforcement agent.
2. 25% of all existing licensees/permit holders were randomly selected and sent a survey focused on customer service, division services and regulation of the industry.

Overall survey total, 95% of responses were positive.

LICENSEE SURVEY RESULTS

Positive Results



System Upgrade

The ABC currently is in the process of upgrading the software system, POSSE ABC, that we utilize for licensing, case management and enforcement tracking. The upgrade will include the latest version of the software and will enhance the public website. As a result, there will be 16 forms that will be eliminated, and more fields will be added to the system for applicants to fill in. This will simplify the process considerably by making it more user friendly.