

STATE OF KANSAS

Bill Graves, Governor



DEPARTMENT OF REVENUE

Stephen S. Richards, Secretary

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Division of Alcoholic Beverage Control

December 28, 2001

ABC Notice – Drink Tax Bond Waiver (revised)

Dear Licensee,

Kansas Administrative Regulation 92-24-23(a) states that each applicant or licensee making application for a new license or for renewal of an existing license shall post or have posted with the department of revenue a bond in an amount equal to three months' average liquor drink tax liability or \$1,000, whichever is greater, at the time of the application. New applicants who have no previous tax experience may estimate their expected liquor drink tax liability projected over a 12 month period and submit a bond in an amount equal to 25% of the projected tax liability or \$1,000, whichever is greater. On subsequent liquor license renewals, tax accounts are reviewed and bonds are increased if the tax liability is higher than the current bond amount.

On January 4, 2002, a modification to this regulation becomes effective. Licensees who have been compliant with K.S.A. 79-41a01 *et seq.* for a minimum of **24 consecutive months** prior to renewal may request a waiver of the bond requirement. The request must be submitted **in writing at the time of renewal**. The written request **MUST**:

- be addressed to the "Licensing Supervisor",
- expressly request the bond requirement be waived and
- contain a notarized signature of the licensee, a member of the LLC or an officer of the corporation. **Signatures of process agents will not be accepted.**

As stated above, all requests for bond waivers must be included in the renewal application package. In order to process applications already in ABC's possession or those that will arrive in the next several weeks, we will accept bond waiver requests separately from the renewal application package until February 28, 2002. After February 28, 2002 all renewal applications must have the written request for the bond waiver **IN** the renewal application package. The waiver request will **NOT** be accepted or processed if the request is not included with a renewal application received after February 28, 2002.

If a waiver of the bond is requested, an ABC licensing representative will review the account and inform the licensee if the waiver will be granted. The criteria ABC will use to determine "24 consecutive months of compliance" with K.S.A. 79-41a01 *et seq.* and amendments thereto is:

- no balance due or underpayment of the drink tax,
- no non-filed periods,
- no returned checks and
- no late payments.

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If you are a licensee **renewing for the first or second time you will NOT qualify for waiver of the bond.** ABC Licensing will review your account for a bond increase based on your average three month drink tax liability. If your current bond is not sufficient to cover your current liability, you will be required to increase your bond. **Upon the third renewal, licensees may be eligible for the bond waiver.**

If, after the bond is released, a licensee fails to meet any of the above criteria for being compliant with filing and remitting the liquor drink tax, a bond will be required for any subsequent renewal of the license.

Upon verification the licensee has met the bond waiver requirements, a bond release letter will be sent to the bank or insurance company, with a copy to the licensee, releasing the bond within 60 days of the renewal. If the bond is a cash bond, the licensee will receive a refund within 60 days.

This bond waiver is only applicable for licensees subject to the Liquor Drink Tax requirement, K.S.A 79-41a01 *et seq.*

Thank you for your attention to this matter. Please feel free to contact ABC Licensing with any questions you may have concerning this new option. You may contact ABC Licensing at (local) 785-368-8222 or toll free at 877-526-7738. Due to the diversity of the Kansas Department of Revenue, our automated phone system has several options. Please select the following options to speak to a representative: Press 1 to speak to a representative (listen briefly), press 5 for Business Taxes (listen briefly), press 4 for Liquor, Cigarette or Bingo taxes.

Sincerely,

Original signed and on file.

R.G. Longino