



**HANDBOOK**

**FOR**

**PUBLIC VENUES**

**Division of Alcoholic Beverage Control  
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Changes made to this handbook since the previous revision(s) have been highlighted with a **light blue background**.

Please report errors, omissions or suggestions for improvement to this handbook to the Division of Alcoholic Beverage Control by telephone at 785-296-7015, by fax at 785-296-7185 or by email to [Kdor\\_abc.email@ks.gov](mailto:Kdor_abc.email@ks.gov).

## Definitions

### “Alcoholic candy”

means any candy or other confectionary product with an alcohol content greater than 0.5% alcohol by volume (for purposes of manufacturing), or 1% alcohol by volume (for purposes of sale at retail). [Subsection (b) of K.S.A. 41-102]

### “Alcoholic liquor”

means alcohol, **alcoholic candy**, spirits, wine, beer and every liquid or solid, patented or not, containing alcohol, spirits, wine or beer and capable of being consumed as a beverage by a human being, but shall not include cereal malt beverage. [Subsection (a) of K.S.A. 41-2601, referring to subsection (c) of K.S.A. 41-102]

### “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 that exceeds 5% of the outstanding shares of that corporation or a similar holding in any other form of business organization. [No direct regulation as it relates to Public Venues, but the term is generally defined by Subsection (c) of K.A.R. 14-21-1]

### “Bulk wine”

means wine that is sold to a club, drinking establishment, caterer, or public venue by a retailer or wine distributor in barrels, casks or similar bulk containers which individually exceed 20 liters. [Subsection (f) of K.A.R. 14-14-1]

### “Designated areas”

means areas identified in the license application, which may include suites, that have controlled access and are separated from the general admission areas by a barrier. [Subsection (c) of K.S.A. 41-2655]

### “Dispense”

means to portion out servings of alcoholic liquor for consumption. This term shall include the pouring of drinks of alcoholic liquor and opening original containers of alcoholic liquor by the licensee or licensee’s employee for consumption by customers, and shall not include any self-dispensing by a customer. [Subsection (d)(1) of K.S.A 41-2658]

### “Hard Cider”

means any alcoholic beverage that:

- (1) Contains less than 8.5% alcohol by volume;
- (2) has a carbonation level that does not exceed 6.4 grams per liter; and
- (3) is obtained by the normal alcoholic fermentation of the juice of sound, ripe apples or pears, including such beverages containing sugar added for the purpose of correcting natural deficiencies.

[Subsection (o) of K.S.A. 41-102]

### “Individual drink”

means a beverage containing alcoholic liquor or cereal malt beverage served to an individual for consumption by such individual or another individual, but which is not intended to be consumed by two or more individuals. The term includes beverages containing not more than eight ounces of wine, 32 ounces of beer or cereal malt beverage, or four ounces of a spirit or combination of spirits. [Subsection (l) of K.S.A. 41-2601]

"Industry member"

means any distributor, manufacturer or supplier or any agent, salesperson or representative thereof. [Subsection (f) of K.A.R. 14-10-5]

"Licensed premises"

means those areas described in an application for a public venue license that are under the control of the applicant and are intended as the area in which alcoholic liquor is to be served. [No direct regulation as it relates to Public Venues, but the term is generally defined by Subsection (i) of K.A.R. 14-21-1]

"Municipal Corporation"

means the governing body of a city or county. [Subsection (p) of K.S.A. 41-2601]

"Powdered alcohol"

means alcohol that is prepared in a powdered or crystal form for either direct use or for reconstitution in a non-alcoholic liquid. [Subsection (w) of K.S.A. 41-102]

"Public venue"

means an arena, stadium, hall or theater, used primarily for athletic or sporting events, live concerts, live theatrical productions or similar seasonal entertainment events, not operated on a daily basis, and containing:

- (1) Not less than 4,000 permanent seats; and
- (2) Not less than two private suites, which are enclosed or semi-enclosed seating areas having controlled access and separated from the general admission areas by a permanent barrier.

[Subsection (q) of K.S.A. 41-2601]

"Retailer"

means a person who sells at retail, or offers for sale at retail, alcoholic beverages. "Retailer" does not include a microbrewery, microdistillery or a farm winery. [Subsection (y) of K.S.A. 41-102]

"Wine"

means any alcoholic beverage obtained by the normal alcoholic fermentation of the juice of sound, ripe grapes, fruits, berries or other agricultural products, including such beverages containing added alcohol or spirits or containing sugar added for the purpose of correcting natural deficiencies. The term "wine" shall include hard cider and any other product that is commonly known as a subset of wine. [Subsection (ii) of K.S.A. 41-102]

**Application for Licensure; License and Application Fees**

Apply online at [www.ksabconline.org](http://www.ksabconline.org) or download and print the online forms from our webpage at [www.ksrevenue.org/abconprem.html](http://www.ksrevenue.org/abconprem.html). Follow the directions for submitting the application to ABC.

The license term commences on the date that the license is issued by the Director. At the end of the two-year license term, the license is renewable for another two-year term unless sooner suspended or revoked, as long as the licensee and premises continue to meet the requirements of all relevant laws and regulations. [Subsection (a) of K.S.A. 41-2629]

Biennial license fees are listed in K.S.A. 41-2622 as follows:

- Public venue with maximum seating capacity of 10,000 - \$5,000. [subsection (a)(10)]
- Public venue with maximum seating capacity of 25,000 - \$7,500. [subsection (a)(11)]
- Public venue with maximum seating capacity exceeding 25,000 - \$10,000. [subsection (a)(12)]

The applicant may pay either the full amount of the license fee or may pay half of the license fee at the time of application. The remaining half of the license fee, plus 10 percent of the remaining balance, is due one year from the date on which the license was issued. Failure to pay the remaining license fee and 10% fee timely will result in the license being canceled. [Subsections (c) and (d) of K.S.A. 41-2606]

The license fee is refundable if the applicant is denied a license. [Subsection (e) of K.S.A. 41-2606]

There is an additional application fee of \$30 for new applicants and \$10 for renewals. There will be an additional \$20 modernization fee assessed to each application fee (initial or renewal). That fee is not refundable. [Subsection (a) of K.S.A. 41-2606, as amended by 2018 HB 2362]

In addition to the above fees, the city or county in which the licensed premises are located may collect a biennial occupation or license tax of not more than \$1,000. [Subsection (c) of K.S.A. 41-2622]

Licensee must also post a tax bond. See “Tax Bond” section for details.

Once all of the forms, fees and other required documentation for licensure are submitted to and accepted by Director, the Director has 30 days to either issue the license or issue an order denying the license. If no license is issued or no denial order is issued within that time, then the license is deemed to be denied. The applicant may agree in writing to give the Director an additional 30 days to either issue or deny the license. [K.S.A. 41-2628, referencing K.S.A. 41-319]

An order by the Director denying a license shall state the reason(s) therefore. The applicant may file a notice of appeal from a Director's denial order with the Secretary of Revenue within 15 days after service of the order. [K.S.A. 41-2609, referencing K.S.A. 41-321]

The decision of the secretary or secretary's designee on an applicant's appeal of a denial of licensure may be appealed to District Court pursuant to the Kansas Judicial Review Act, K.S.A. 77-601 et seq. [K.S.A. 41-2609, referencing K.S.A. 41-323]

A public venue license is a personal privilege and is not assignable. [Subsection (c) of K.S.A. 41-2629]

Any denial of an application for a license by the Director must be done in accordance with the Kansas Administrative Procedures Act (K.S.A. 77-501 et seq.). [Subsection (a)(1) of K.S.A. 41-2609]

## **Qualifications for Licensure**

### Partnerships

Each partner in a partnership must meet the licensing qualifications for person ownership below. [K.S.A. 41-2623(a)(5)]

### Corporations

Corporations must be organized (incorporated) in Kansas. [K.S.A. 41-2623(a)(8)]

For corporations to be licensed, each officer, manager and Director thereof, and any stockholder owning a total of more than 5 percent of the common or preferred stock thereof, must meet the licensing qualifications for person ownership below, except for citizenship and residency requirements. [K.S.A. 41-2623(a)(6)] In addition, each such person cannot have been an officer, manager, Director or stockholder owning a total of more than 5 percent of the common or preferred stock in another corporation that either had a license revoked under the Kansas Club and Drinking Establishment Act

or was convicted of a violation of the Kansas Club and Drinking Establishment Act or the Kansas Cereal Malt Beverage Act. . [K.S.A. 41-2623(a)(7)]

Every corporation seeking a license shall appoint a citizen of the United States and resident of Kansas as process agent to receive service of process and exercise authority of the corporation. The process agent must meet the licensing qualifications for person ownership below except for residence in the county where the licensed premises will be located. [Subsection (a) of K.S.A. 41-2625]

#### Limited Liability Companies (LLCs)

LLCs must meet the same qualifications for licensure as a corporation as set forth in K.S.A. 41-2623 (see above). [Subsection (a) of K.S.A. 41-2623a] This includes the following requirements:

- The LLC must be organized under the laws of Kansas. [K.S.A. 41-2623(a)(8)]
- Each person having more than a 5 percent interest in the LLC must meet the licensing qualifications for persons as listed below, except for the citizenship and residency requirements. [K.S.A. 41-2623(a)(6)]
- The LLC shall appoint a citizen of the United States and resident of Kansas as process agent to receive service of process and exercise authority of the LLC. The process agent must meet the licensing qualifications for persons as listed below except for residence in the county where the licensed premises will be located. [Subsection (a) of K.S.A. 41-2625]

The LLC must submit a copy of its Articles of Organization and its Operating Agreement to the Director in a form and manner as prescribed by the Director. [Subsection (b) of K.S.A. 41-2623a]

#### Municipal Corporations

Municipal corporations are not subject to most licensing qualifications. A municipal corporation shall be issued a license unless it has had a previous license revoked for cause. [K.S.A.41-2654(b)]

#### Trusts

For trusts to be licensed, each grantor, beneficiary and trustee must meet the licensing qualifications for person ownership below. However, beneficiaries do not have to be at least 21 years of age. [K.S.A. 41-2623(a)(9)]

#### Persons

K.S.A. 41-2623 lists the qualifications for an initial license. The same requirements must be met for renewal of an existing license except as specifically indicated. Subsection (a)(1) of K.S.A. 41-2623 requires that licensees meet most of the same restrictions as retailers licensed under the Liquor Control Act, specifically paragraphs (1), (2), (4), (5), (6), (7), (8), (9), (12) and (13) in subsection (a) of K.S.A. 41-311:

- ***Age requirement.***  
The person must be at least 21 years of age. [Subsection (a)(6) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]  
  
For either an initial or renewal license, this requirement does not apply to the person's spouse. [Subsection (a)(12) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]
- ***U.S. Citizenship.***  
The person must be a U.S. citizen.[Subsection (a)(1) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]
- ***Felony conviction.***

The person cannot have been convicted of a felony in Kansas or any other state or the United States. [Subsection (a)(2) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

For an initial license, this requirement also applies to the person's spouse regardless of when the conviction occurred. [Subsection (a)(12) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

For a renewal license, this requirement also applies to the person's spouse, but only if the conviction occurred during the time that that the person's spouse was licensed under the Club and Drinking Establishment Act. [Subsection (a)(13) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

- ***Conviction for keeping a house of prostitution.***

The person cannot have been convicted of being a keeper of a house of prostitution or is keeping a house of prostitution. Cannot have forfeited bond to appear in court to answer charges of being a keeper of a house of prostitution. [Subsection (a)(4) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

For an initial license, this requirement also applies to the person's spouse regardless of when the conviction occurred. [Subsection (a)(12) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

For a renewal license, this requirement also applies to the person's spouse, but only if the conviction occurred during the time that that the person's spouse was licensed under the Club and Drinking Establishment Act. [Subsection (a)(13) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

- ***Conviction of owning gambling house, pandering or crime opposed to decency or morality.***

The person cannot have been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality and cannot have forfeited bond to appear in court to answer charges for any of these crimes. This includes both felonies and misdemeanors. [Subsection (a)(5) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

"Pandering" is not currently defined in the Kansas criminal law. Black's Law Dictionary defines a "panderer" as one who solicits for prostitution. The definition of "pander" includes being a "pimp" or procurer of persons to be prostitutes. Most of these acts are currently prohibited by K.S.A. 21-3513 (promoting prostitution).

Crimes involving morality are defined in subsection (k) of K.A.R. 14-21-1 as a charge alleging:

- prostitution
- procuring any person
- solicitation of a child under 18 years of age for any immoral act involving sex
- possession or sale of narcotics, marijuana, amphetamines or barbiturates
- rape
- incest
- gambling
- adultery
- bigamy

For an initial license, this requirement also applies to the person's spouse regardless of when the conviction occurred. [Subsection (a)(12) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

For a renewal license, this requirement also applies to the person's spouse, but only if the conviction occurred during the time that that the person's spouse was licensed under the Club and Drinking Establishment Act. [Subsection (a)(13) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

- ***Law enforcement officer.***

The person cannot be a law enforcement official (not defined in statute). ABC defines this as being either a police officer or head of a police agency. [Subsection (a)(7) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623] Since this subsection does not mention jurisdiction, it is assumed that this restriction applies regardless of whether the law enforcement officer is located in the same jurisdiction as the licensee. [Ruling by the Director on Jan. 19, 2005.]

Persons not certified as law enforcement officers, including non-commissioned correctional facility employees, are not included as “law enforcement officers” for purposes of acquiring a license. [Ruling by the Director on July 24, 2012]

For an initial license, this requirement applies to the person's spouse. For a renewal license, this requirement does not apply to the person's spouse. [Subsection (a)(12) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

- ***Supervisor of law enforcement officers.***

The person cannot hold a position which appoints or supervises any law enforcement officer. However, members of the governing body of a city or county (assume this means city council members and county commissioners) are exempt from this restriction. [Subsection (a)(7) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623] Since this subsection does not mention jurisdiction, it is assumed that this restriction applies regardless of whether the law enforcement officer is located in the same jurisdiction as the licensee. [Ruling by the Director on Jan. 19, 2005.]

For an initial license, this requirement applies to the person's spouse. For a renewal license, this requirement does not apply to the person's spouse. [Subsection (a)(12) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

- ***Acting as agent of another.***

The person cannot intend to act as an agent for another in operating the licensed business. [Subsection (a)(8) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

- ***Previous liquor license revocation.***

The person cannot have had a license revoked under the provisions of the Club and Drinking Establishment Act. [Subsection (a)(2) of K.S.A. 41-2623]

For an initial license, this requirement applies to the person's spouse. For a renewal license, this requirement does not apply to the person's spouse. [Subsection (a)(12) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

- ***Previous finding of hidden beneficial interest.***

The person cannot, after a hearing before the Director, be found to have held an undisclosed beneficial interest in any liquor license which was obtained by means of fraud or any false



statement made on the application for such license. [Subsection (15) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

- ***Resident of Kansas.***

The person must be a resident of Kansas for at least one year immediately preceding the date of application. [Subsection (a)(3) of K.S.A. 41-2623]

For either an initial or renewal license, this requirement does not apply to the person's spouse. [Subsection (a)(12) of K.S.A. 41-311]

- ***Beneficial interest in certain other license(s).***

The person cannot have a beneficial interest in the manufacture, preparation or wholesaling or the retail sale of alcoholic liquors as licensed under the Liquor Control Act. The person cannot have a beneficial interest in any other business licensed under the Club and Drinking Establishment Act [Subsection (a)(4) of K.S.A. 41-2623]

For an initial license, this requirement applies to the person's spouse. For a renewal license, this requirement does not apply to the person's spouse. [Subsection (a)(12) of K.S.A. 41-311 as referenced in subsection (a)(1) of K.S.A. 41-2623]

#### Federal registration

The applicant must register as an alcohol dealer with the federal government. The registration form is available for download from our new license webpage at [www.ksrevenue.org/abconprem.html](http://www.ksrevenue.org/abconprem.html) or at [www.ttb.gov/forms/f56305d.pdf](http://www.ttb.gov/forms/f56305d.pdf). [Ruling by the Director, Aug. 20, 2012]

#### **Business Name (DBA)**

A public venue must use the d/b/a name provided in the application for licensure unless written permission has been granted by the Director to change it. A licensee wishing to change its d/b/a name must complete and submit form ABC-22 prior to advertising or posting the new d/b/a name. [Ruling by the Director on July 30, 2012]

#### **Requirements for the Licensed Premises**

##### "Wet" county.

- The licensed premises must be located in a "wet" county. Information concerning the status of each county may be found on the ABC website at: [www.ksrevenue.org/pdf/abcwetdrymap.pdf](http://www.ksrevenue.org/pdf/abcwetdrymap.pdf)  
A county is wet if:
- the board of county commissioners has approved a resolution permitting liquor by the drink (with or without a 30 percent food requirement), or
- the majority of the voters in that county approved the amendment to the Kansas Constitution in November 1986 to allow liquor by the drink or subsequently approved a proposition in a state general election to permit liquor by the drink (with or without a 30 percent food requirement) and which has not revoked that approval in a subsequent election. See K.S.A. 41-2646 for the requirements for the election.

- Subsection (b) of K.S.A. 41-2646 sets forth the procedure whereby voters of the county may petition for a vote on whether the county shall become "wet" or "dry." The petition must contain at least 10 percent of the electors who voted for the office of Secretary of State at the last preceding general election at which such office was elected. When any such election takes place, the county election officer shall transmit a copy of the results to the Director. Since no time period is specified as to when such changes become effective, they should become effective as soon as the election results are received from the county election officers. [Subsection (d) of K.S.A. 41-2646]

#### Zoning.

The applicable city, township or county zoning codes must permit a public venue license at that geographic location. [Subsection (b) of K.S.A. 41-2608]

#### Control of premises by licensee.

The licensed premises must be constructed and operated in such a manner that the licensee has sufficient control to assure compliance with all applicable liquor laws and regulations. The licensed premises must include all portions of the premises where the public venue's customers are permitted to possess and consume alcoholic liquor sold by the licensee. Applicants for an initial license must furnish a diagram of the proposed licensed premises for approval by ABC.

#### Owner or lessee.

Except for municipal corporations, the licensee must either be the legal owner of the licensed premises or be a lessee or sub-lessee of the legal owner. If the applicant does not own the premises to be licensed, then the applicant must furnish a copy of the current lease for review by ABC. [Subsection (b)(1) of K.S.A. 41-2623]

If the lease provides for rent to be calculated based upon a percentage of the receipts or profit from the sale of alcoholic liquor or other items to be mixed with alcoholic liquor, then the landlord is deemed to have a beneficial interest in the licensed premises. In this case, unless the lessor is a city, county or state agency, the lessor must meet all of the qualifications for licensure.

#### Beverage service agreement.

If the premises to be licensed is owned by the city or county, or is a stadium, arena, convention center, theater, museum, amphitheater or other similar premises, the applicant may submit an executed agreement to provide alcoholic beverage services at the premises in lieu of a lease. [Subsection (b)(1) of K.S.A. 41-2623]

#### Extension of premises.

A public venue may permanently or temporarily extend its licensed premises upon written approval by the Director. The request to extend premises must be submitted to ABC at least ten days prior to the proposed extension. The request shall be made on form ABC-806 and shall include the following information:

- A diagram of the extended premises, clearly showing the boundaries of the premises, all entrances and exits, and the area in which the service of alcoholic liquor will occur;
- In the case of a temporary extension, the date(s) and time(s) that the premises will be extended;
- If the licensee does not own or lease the area into which the premises are being extended, the application shall include written permission from the governing body of the city or county, and the owner, landlord, or the property manager to extend the premises.

The boundary of the extended premise shall be clearly marked by a three-dimensional obstacle. The licensee shall maintain, on the licensed premises, a copy of the diagram submitted to ABC with the request for extension and a copy of the Director's approval to extend the premises.

### **Right of Governing Body to Request a Hearing on whether a License should be Issued, Denied, Revoked or Suspended**

The governing body of any city or county may request notification when an application is filed for a new or renewed license in such city or county. [Subsection (a) of K.S.A. 41-2651] If the governing body makes such a request, the Director shall notify the governing body when an application is received. [Subsection (a) of K.S.A. 41-2651] Once notified, the governing body shall have 10 days to request a hearing before the Director on whether an initial license should be issued or an existing license should be renewed. [Subsection (b) of K.S.A. 41-2651]

The governing body of any city or county may, at any time, request a hearing to determine whether a license issued under the Club and Drinking Establishment Act should be revoked or suspended. [Subsection (c) of K.S.A. 41-2651]

The hearing shall be conducted in accordance with the Kansas Administrative Procedures Act. [Subsection (d) of K.S.A. 41-2651] At such hearing, the governing body shall have the right to present testimony and evidence and make recommendations regarding whether the Director should issue or renew the license. [Subsection (e) of K.S.A. 41-2651]

### **Restrictions on Employees**

All persons who are serving alcoholic beverages or CMB must be at least 18 years old. However, any server who is under the age of 21 must be supervised by a person who is at least 21 years old. [Subsections (a) and (f) of K.S.A. 41-2610]

All persons who are mixing or dispensing alcoholic beverages or CMB must be at least 21 years old. [Subsection (g) of K.S.A. 41-2610]

No person connected\* (see below) with the dispensing, mixing and serving of alcoholic liquor or CMB can:

- Have a conviction of a felony or of any crime involving a morals charge in Kansas, any other state, or the United States at any time. [Subsection (b) of K.S.A. 41-2610]
- Have more than two convictions of alcohol related offense or more than one conviction of furnishing to minor offense within the last five years. This includes DWI and DUI. (subsection (c) of K.S.A. 41-2610)

\* **"Person connected"** includes any manager or assistant manager in charge of the daily operations of the club. [Subsection (j) of K.A.R. 14-21-1] The Director has ruled that "person connected" also includes any person who manages or supervises any person actually doing the dispensing, mixing and serving of alcoholic liquor or CMB, regardless of their title. [Policy Memorandum 2001-4]

Food servers who have a disqualifying conviction may take orders for alcoholic liquor from customers as long as another, qualified person mixes or dispenses and serves the alcoholic liquor to the customers. [Interpretation made by AAG on Feb. 1, 2005]

## **Records to be Retained and Available for Inspection**

Each public venue shall retain the following records of purchases and sales for a period of three years:

- Sales slips and other purchase documents for all alcoholic liquor purchased from retailers or distributors.
- Invoices and other records of sales of alcoholic liquor to all customers. [Subsection (a) of K.S.A. 79-3609 as referenced in subsection (a) of K.S.A. 79-4105 of the Liquor Enforcement Tax Act]

These records are subject to inspection by the Director or any agent or employee of the Director. For a period of 90 days after the purchase or sale, the records must be kept on the licensed premises. The records may be in electronic or paper format. If electronic, the records must be available to print upon request by the Director or any agent or employee of the Director. [Ruling by the Director on July 16, 2012]

After 90 days, the records may be stored off the licensed premises but shall be provided within a reasonable time upon request. [Ruling by the Director on July 16, 2012]

## **Hours and Days of Sales**

There shall be no serving, mixing or consumption of alcoholic liquor on the licensed premises between the hours of 2 a.m. and **6 a.m.** on any day. [Subsection (a) of K.S.A. 41-2614]

## **Signs, Advertising, Trade Practices and Promotional Activities**

For further clarification of trade practices involving product displays, point of sale items and equipment, refer to "Policy Memorandum 2016-1" dated March 30, 2016, on ABC webpage: <https://www.ksrevenue.org/pdf/abcpm2016-1.pdf>.

### Outside signs.

Industry members may give, lend or sell basic signs advertising the industry member's products. The value of the signs may not exceed \$400. The industry member cannot make payments or give credits to the licensee for displaying their sign and cannot pay for the installation, removal or operation of the sign. This would prohibit the industry member from supplying the structure to mount the sign on, such as a billboard, marquee with space to post additional information, a semi-trailer truck, etc. [27 CFR ch. 1, Sec. 6.102, as adopted by K.A.R. 14-10-17]

### Definition of advertising.

"Advertising" means the medium of radio, television, newspapers, periodicals, circulars, pamphlets, or other publications or any sign or outdoor advertising or any other printed or graphic matter. [K.A.R. 14-8-1] Webster's Dictionary (New Riverside University Edition published in 1984) defines "graphic" as:

- pertaining to written representation
- pertaining to pictorial representation
- pictorial device, as an illustration or chart
- display by a computer or imaging device

### Radio and television advertising.

Licensees may purchase live radio or TV commercials to take place at the licensed premises if the licensee pays the entire cost of the commercial. An industry member may be present and hand out promotional items to consumers on the premises during the time the commercial is broadcast but shall

not participate in the commercial or pay any of the cost thereof. [Ruling by the Director on Aug. 1, 2005] A licensee may arrange for a radio or television station to run a remote broadcast from the licensee's parking lot or anywhere **outside** the licensed premises and the licensee or the radio or television station may give away food or promotional items at that location. Any food or other items may be given free to the public. The food cannot be paid for by an industry member (manufacturer, supplier or distributor).

Industry members selling, giving or lending equipment or supplies.

Industry members are prohibited from giving or lending money, equipment, supplies, services or anything of value to a licensee except as permitted by K.A.R. 14-10-17. The following are allowed:

- Glassware, as long as the price is not less than what the industry member paid for it.
- Tapping and dispensing equipment, as long as the price is not less than what the industry member paid for it.
- Carbon dioxide gas and ice, as long as the price is not less than the local market price.
- Coil cleaning service.

Industry members selling or giving services.

Industry members are prohibited from inducing licensees to purchase product from them by paying or crediting the licensee for any advertising, display or distribution service. The following practices are prohibited:

- Participating in paying for an advertisement placed by the retailer.
- The purchase of advertising on signs, scoreboards, programs, scorecards, and similar items from the retail concessionaire at ballparks, racetracks or stadiums.
- The purchase of advertising in a publication of the retailer which is distributed to consumers or the general public.
- Reimbursements to retailers for setting up product or other displays.
- Rental of display space in the licensed premises.

[Subsection (d) of 27 CFR, ch. 1, Sec. 6.21, as adopted by K.A.R. 14-10-14]

Industry members shall not obtain tickets to a concert or other event and give them away to consumers either directly or through a third party if the concert or other event is being held on a licensee's premises. This is interpreted as furnishing something of value to the licensee (inducing consumers to visit the licensed premises) in violation of subsection (a) of K.S.A. 41-703. [Ruling by the Director on Aug. 1, 2005]

Industry members shall not arrange for a radio station to have its mobile unit park at a licensee's location and offer something of value to the public for finding the mobile unit and broadcast clues to find the mobile unit. This is interpreted as furnishing something of value to the licensee (inducing consumers to visit the licensed premises) in violation of subsection (a) of K.S.A. 41-703. [Ruling by the Director on Aug. 1, 2005]

However, industry members may furnish, give, rent, loan or sell newspaper cuts, mats or engraved blocks to a licensee for use in their advertising of the industry member's products. [27 CFR, ch. 1, Sec. 6.92, as adopted by K.A.R. 14-10-17]

Industry members may put the name of the retailer on the label or packaging of the products sold to retailers. If the name is added to a label that has previously been registered with ABC, the new label must be separately registered with ABC. [Ruling by the Director on Aug. 20, 2007]

### Product displays.

Industry members may give or sell product displays to licensees. The selling or giving of the product displays may be conditioned upon the purchase of enough of the liquor products advertised on the display for the initial completion of the display. No other conditions are allowed. [Subpart (c)(3) of 27 CFR, ch. 1, Sec. 6.83, as adopted by K.A.R. 14-10-17]

"Product display" means any wine racks, bins, barrels, casks, shelving, or similar items whose primary function is to hold and display consumer products. [Subpart (b) of 27 CFR, ch. 1, Sec. 6.83, as adopted by K.A.R. 14-10-17] The total value, based on actual cost to the industry member, of all product displays given or sold by an industry member may not exceed \$300 per brand at any one time in any one licensed premises. [Subpart (c)(1) of 27 CFR, ch. 1, Sec. 6.83, as adopted by K.A.R. 14-10-17]

All product displays must bear conspicuous and substantial, permanently affixed, advertising material about the product or the industry member. The product display may also include the name and address of the retailer. [Subpart (c)(2) of 27 CFR, ch. 1, Sec. 6.83, as adopted by K.A.R. 14-10-17]

### Point of Sale ("POS") Advertising Materials.

Industry members may provide to licensees items intended to be used within the establishment to attract customers' attention to the products of the industry member. Such advertising materials include, but are not limited to: posters, placards, designs, inside signs (electric, mechanical or otherwise), window decorations, trays, coasters, menu cards, paper napkins, foam scrapers, back bar mats, thermometers, clocks, calendars, banners, display cards, ceiling danglers, table tents and alcoholic beverage lists or menus dealing with alcoholic beverages. [Subpart (b)(1) of 27 CFR, ch. 1, Sec. 6.84, as adopted by K.A.R. 14-10-17]

All POS must bear conspicuous and substantial, permanently affixed, advertising material about the product or the industry member. The POS may also include the name and address of the retailer. [Subpart (c)(1) of 27 CFR, ch. 1, Sec. 6.84, as adopted by K.A.R. 14-10-17]

### Consumer advertising specialties ("CAS") offered by industry members.

Industry members may provide to licensees consumer advertising specialties that are designed to be carried away by the consumer, such as trading stamps, nonalcoholic mixers, pouring racks, ashtrays, bottle or can openers, corkscrews, shopping bags, matches, printed recipes, informational pamphlets, cards and leaflets, post cards, posters, printed sports schedules, pens, pencils, koozies, t-shirts, ball caps and other similar items as approved by the Director for distribution to the general public. [Subpart (b)(2) of 27 CFR, ch. 1, Sec. 6.84, as adopted by K.A.R. 14-10-17]

The CAS must bear conspicuous and substantial advertising material about the product or the industry member. The CAS may also include the retailer's name and address. The licensee shall not be paid or credited in any manner, directly or indirectly, for this distribution service. [Subpart (c) of 27 CFR, ch. 1, Sec. 6.84, as adopted by K.A.R. 14-10-17]

### Retailer-Generated Consumer Advertising Specialties ("CAS").

A retailer (on or off-premise licensee) may generate and distribute unconditionally and free of charge to the general public CAS intended to be carried away by the consumer. Such items include ash trays, bottle or can openers, cork screws, matches, printed recipes, informational pamphlets, cards and leaflets, post cards, posters, printed sports schedules, pens, pencils, koozies, t-shirts, ball caps and other similar items as approved by the Director. Each CAS must bear conspicuous and substantial advertising material relating to the operation of the retail establishment.

There can be no requirement to purchase anything in order to receive the retailer-generated CAS. Industry members are prohibited from providing or paying for retailer-generated CAS.

**Table 1: Point of Sale (POS) and Consumer Advertising Specialties (CAS) Quick Reference**

Type of Materials	Purpose	For consumers	Advertising about	Costs paid by	Keep Records	Notify ABC of New Items
Industry Member POS	Materials provided by industry member for use within a retailer's premises to attract customer attention to the products	No	Industry member or product  May include retailer's information	Industry member or retailer	No	No
Industry Member CAS	Materials provided by industry member designed to be carried away by consumers	Yes	Industry member or product  May include retailer's information	Industry member or retailer	No	Yes
*Retailer-generated CAS	Materials generated by retailers that are designed to be carried away by consumers	Yes	Retailer. Can include name, logo, address, phone, website, etc.	Retailer	No	Yes

\* Retailer means any on or off-premise establishment and includes retail liquor dealers, clubs, public venues, drinking establishments, and caterers.

Offering coupons, premiums, rebates and refunds to customers by industry members.

Industry members may offer coupons through retailers (on and off-premise licensees) to consumers if all retailers within the market where the offer is made may redeem the coupons. Industry members may not reimburse a retailer for more than the face value of all coupons redeemed, plus a usual and customary handling fee. [Subpart (a) of 27 CFR, ch. 1, Sec. 6.96, as adopted by K.A.R. 14-10-17] The Director has interpreted this regulation to also permit redemption of such coupons for free or discounted non-alcoholic items at grocery stores.

Industry members may offer contest prizes, premiums, refunds and like items directly to consumers. A premium may or may not be conditioned upon the purchase of an alcoholic beverage. The retailer shall not accept any reimbursement, payment or credit for providing this service to the industry member. Officers, employees and representatives of distributors and retailers shall be excluded from participation. [Subpart (b) of 27 CFR, ch. 1, Sec. 6.96, as adopted by K.A.R. 14-10-17]

"Premium" is not defined in the statutes or regulations but is defined by Webster's Dictionary as "something offered free or at a reduced price as an inducement to buy." and by Black's Law Dictionary as "a reward for an act done."

Industry member support of events sponsored by licensees.

Industry members may not support these events through the donation of money, advertising, consumer advertising specialties or product. [Subsection (a) of K.S.A. 41-702 and subsection (a) of K.A.R. 14-14-11] Subsection (e) of K.S.A. 41-703 authorizes the Secretary of Revenue to adopt rules and regulations authorizing exceptions to the general prohibition in K.S.A. 41-702. K.A.R. 14-10-1 et seq. dictates

exceptions to the prohibition on industry members giving anything of value to retailers and it does not provide for any assistance with licensee sponsored events, whether they be fundraising or otherwise. Industry members may participate in these events but any fees paid by such industry members shall be the same as paid by any other participant.

Industry member support of fundraising events sponsored by charitable organizations with sponsorship in whole or in part by a liquor licensee.

Industry members may support these events through the donation of money and consumer advertising specialties directly to the charity, but not to the event sponsor or any other party. They may not donate product. Industry members may participate in these events, however any contributions made or fees paid by such industry members shall be the same as that contributed or paid by any other participant.

Industry member support of fundraising events sponsored by charities, not-for-profit organizations with **no** retailer involvement.

Industry members may support these events through the donation of money and consumer advertising specialties directly to the charity. They may not donate product. Industry members may participate in these events, however any contributions made or fees paid by such industry members shall be the same as that contributed or paid by any other participant.

Industry member support to liquor association sponsored events.

Industry members may participate in these events to a limited extent. Industry members may: display products at a convention or trade show; rent display space at the same rental rate paid by all other exhibitors; provide hospitality independent from that provided by the retail association; purchase tickets to functions and pay registration fees at the same price paid by all other attendees, participants, or exhibitors; and pay for advertising in programs or brochures if the total payments made by an industry member for all such advertisements does not exceed \$300 per year for any retail association. [27 CFR, ch. 1, Sec. 6.100, as adopted by K.A.R. 14-10-17]

**Table 2: Industry member support to fundraising and other events**

Type of Event Type of Support	Retailer Sponsored Event	Charity sponsored events with retailer involvement	Charity sponsored events with NO retailer involvement	Liquor association sponsored events
Monetary Donations	No	Conditional (2)	Yes	No
Product Donations	No	No	No	Conditional (3)
CAS Donations	No	Conditional (2)	Yes	Yes
Participation Fees	Conditional (1)	Conditional (1)	Yes	Conditional (1)

**Conditions**

- (1) Participation fees not in excess to those paid by all other participants.
- (2) May only be provided to the charity. Donations may not go through retailer or any other party.
- (3) May be provided as hospitality or at industry seminars.



## Obtaining, Transporting and Paying for Alcoholic Liquor

A public venue may only obtain its alcoholic liquor as follows:

- Purchase alcoholic liquor from a Kansas licensed retailer who has a federal wholesaler's basic permit. The public venue shall not warehouse any liquor on the premises of the retail liquor store. The retailer may deliver the alcoholic liquor to the venue premises or a spirits distributor may deliver the liquor on the retailer's behalf. [Subsection (e) of K.S.A. 41-306] The public venue must pay the retailer for the alcoholic liquor delivered before or at the time of delivery, unless payment is made through electronic funds transfer. If both the licensee and the retailer agree, payment may be made by electronic funds transfer. Payment must be made no later than the next banking business day after the date of delivery of the product to the public venue. [Paragraph 3.c. of ABC Policy Memorandum 2001-2]
- Purchase bulk wine from wine distributors which are authorized by franchise agreements on file with the Director to sell wine within the geographic area where the public venue is located. [Subsection (c)(2) of K.S.A. 41-306a] The wine distributor may deliver the wine to the venue premises. If both the licensee and the wine distributor agree, payment may be made by electronic funds transfer. Payment must be made no later than the next banking business day after the date of delivery of the product to the public venue. [Paragraph 3.c. of ABC Policy Memorandum 2001-2] The wine distributor must have a federal wholesaler's basic permit. The public venue shall not warehouse any wine on the premises of the wine distributor.
- Purchase beer from beer distributors which are authorized by franchise agreements on file with the Director to sell beer within the geographic area where the public venue is located. [Subsection (a)(3) of K.S.A. 41-307] The beer distributor may deliver the alcoholic liquor to the venue premises. The beer distributor may store beer on the venue premises for purchase as needed. [Subsection (f) of K.S.A. 41-307] If both the licensee and the beer distributor agree, payment may be made by electronic funds transfer. Payment must be made no later than the next banking business day after the date of delivery or sale (whichever comes later) of the product to the public venue. [Paragraph 3.c. of ABC Policy Memorandum 2001-2] The beer distributor must have a federal wholesaler's basic permit. The public venue shall not warehouse any beer on the premises of the wine distributor.
- Purchase alcoholic liquor from a sheriff's sale, a sale authorized by the Director, or from a licensee who is quitting business. [K.S.A. 41-1102, K.S.A. 41-1122, K.S.A. 41-1123, K.S.A. 41-1125, and Policy Memorandum 2010-1]
- Purchase domestic wine from a farm winery. [Subsection (a)(2) of K.S.A. 41-308a] The farm winery may deliver the wine to the venue premises. Payment must be made by the public venue at or before the time of delivery.

## Selling and Serving of Alcoholic Beverages

Public venues may sell and serve alcoholic liquor by the individual drink and must dispense alcoholic beverages only from original containers [Subsection (a) of K.S.A. 41-2658], except that a public venue may sell or serve:

- Beer or CMB in a pitcher capable of containing not more than 64 fluid ounces. [Subsection (c)(4) of K.S.A. 41-2640]

- Margarita, sangria, daiquiri, mojito or other mixed alcoholic beverages, as approved by the Director, in a pitcher containing not more than 64 fluid ounces. [Subsection (c)(6) of K.S.A. 41-2640]  
No other alcoholic beverage shall be served in pitchers.

Public venues may sell alcoholic liquor in the original container in private suites, which are enclosed or semi-enclosed seating areas, having controlled access and separated from the general admission areas by a permanent barrier. [Subsection (a)(4) of K.S.A. 41-2655]

Public venues may offer for sale, sell and serve unlimited drinks for a fixed price in designated areas of the premises. [Subsection (a)(2) of K.S.A. 41-2655]

Public venues may offer and sell all-inclusive packages which include unlimited drinks in designated areas of the premises. [Subsection (a)(3) of K.S.A. 41-2655]

Public venues may offer customers wine and beer from self-service, automated devices, as long as the licensee monitors and controls the dispensing. The Director may adopt rules and regulations with regard to the operation of such devices. [Subsection (e) of K.S.A. 41-2640]

Multiple cans or bottles of beer or CMB may be sold to a customer at the same time. The bottles or cans may be opened prior to service. [Approved by the Director June 18, 2010]

The restrictions on the pricing of drinks dispensed at public venues are set forth in subsection (b) of K.S.A. 41-2640, which prohibits:

- Offering or serving free alcoholic liquor or CMB to any person. [Subsection (b)(1)] This is interpreted as also prohibiting employees or agents of the licensee from "buying" drinks for anyone on the licensed premises.
- Selling, offering or serving any drink at a price below acquisition cost of the drink. [Subsection (b)(2)] The acquisition cost shall include the cost of both the alcoholic liquor and non-alcoholic liquor contained in the drink, but not the cost of water, ice, labor, overhead and any other items of clearly negligible value.
- Selling or serving alcoholic liquor in glass containers to consumers in the general admission areas. [Subsection (b)(3)]
- Selling or serving more than two drinks per customer in the general admission areas. [Subsection (b)(4)]
- Encouraging or permitting any game or contest which involves drinking alcoholic liquor or CMB or the awarding of drinks as prizes on the licensed premises. [Subsection (b)(5)]
- Advertising or promoting in any way, whether on or off the licensed premises, any of the practices prohibited under subsections (b)(1) through (5). [Subsection (b)(6)]

Public venues may offer and advertise happy hours and other drink specials. Public venues may charge different prices for the same drink at any time during the business day. This includes "Ladies night" or discounts to other select patrons. Mug clubs and other reward programs resulting in reduced priced drinks for members of the program are allowed. [Subsection (c) of K.S.A. 41-2640]

## **Sale of Business Already Licensed**

### Individuals and partnerships

If an individual (sole proprietor) or partnership which owns a currently licensed public venue sells the business to another individual or business entity, or the partnership interests change, then the license will be terminated effective no later than the date of transfer of ownership and the new owner will be required to apply for a new license and meet the licensing requirements for an initial license.

### Corporations

If a corporation which owns a currently licensed public venue is sold intact (the corporation continues to exist, but one or more of the stockholders changes), then the business may continue to operate the public venue under the existing license if the corporation retains the same FEIN. The corporation must submit a copy of the corporation meeting minutes documenting the sale, a Notice of Ownership Change form (ABC-809), and a Financial Disclosure (ABC-801) to ABC Licensing.

### Limited Liability Companies (LLCs)

If an LLC which owns a currently licensed public venue is sold intact (the LLC continues to exist, but one or more of the members changes), then the business may continue to operate the public venue under the existing license if the LLC retains the same FEIN. The sale agreement must include language which explicitly makes the new members of the LLC liable for any state taxes which are due at the time of sale or may be found later to be due for any time period prior to the date of sale.

The LLC must submit the following to ABC Licensing: a copy of the sale agreement; a Notice of Ownership Change (form ABC-809); and a Financial Disclosure (form ABC-801) disclosing its source of funding to purchase the LLC.

## **Transfer of a Public Venue's Stock upon the Closing of the Business**

When a licensed public venue closes for any reason, including when the license has expired or has been revoked, the licensee may apply to the Director of ABC for permission to sell the licensee's stock of alcoholic liquor to another licensee, as follows:

- Bulk wine, beer and cereal malt beverages in the unopened original containers may be sold back to the distributor from which it was originally purchased. [Subsection (d)(1) of K.S.A. 41-728] The public venue and distributor must complete and submit form ABC-812 (Request Permission to Sell Inventory of Alcoholic Beverages).
- Alcoholic liquor in unopened original containers may be sold to any licensed retailer, DE, class A or B club, public venue or caterer. The public venue and purchasing licensee must complete and submit form ABC-812 (Request Permission to Sell Inventory of Alcoholic Beverages). [Policy Memorandum 2010-1]

Any liquor left on the premises after the public venue closes shall be deemed abandoned and shall be seized and sold by the Director. [Policy Memorandum 2010-1]

## **Authorized Activities**

### Free food or entertainment.

A public venue may offer free food or entertainment at any time. [Subsection (c) of K.S.A. 41-2640]

#### Gift certificates and cards.

A public venue may **sell** gift certificates or gift cards that can be subsequently used to purchase drinks. [Ruling approved by the Director on Jan. 25, 2005] Liquor drink tax is collected when the card is redeemed.

#### Reward programs.

A public venue may offer customers a “mug club” or other reward program which results in a discount on drink prices. [Subsection (c) of K.S.A. 41-2640]

#### Return of product.

With the approval of the retailer or distributor, a public venue may return unopened containers of alcoholic liquor for a full refund upon the conclusion of an event, provided the next scheduled event for that public venue is more than 90 days from the date of the concluded event. [Subsection (a)(6) of K.S.A. 41-2655]

#### Combination pricing.

A public venue may offer specials including food and drinks of alcoholic liquor for a single price. [Ruling by the Director on July 23, 2012] If such a special is offered, the public venue shall assign a portion of the price to the alcoholic liquor included. The portion assigned to the alcoholic liquor shall be not less than the acquisition cost of the drinks to the public venue. The receipt shall record that portion and the liquor drink tax collected on that portion as separate items. [K.A.R. 92-24-15 and K.A.R. 92-24-16]

#### All-inclusive areas.

A public venue may designate in its application areas where it will offer and sell all-inclusive packages, including tickets to an event, food and beverages. Ticket holders may receive unlimited food, non-alcoholic beverages and alcoholic liquor in these areas. [Subsection (a)(3) of K.S.A. 41-2655] The public venue shall assign a portion of the price paid to the alcoholic liquor included. The portion assigned to the alcoholic liquor shall be not less than the acquisition cost of the drinks to the public venue. The receipt shall record that portion and the liquor drink tax collected on that portion as separate items. [K.A.R. 92-24-15 and K.A.R. 92-24-16]

#### Unlimited drinks in designated areas.

A public venue may designate in its application areas where it will offer and sell unlimited drinks for a fixed price. Patrons holding tickets allowing access into those areas may purchase and consume unlimited drinks with the payment of a fixed price. [Subsection (a)(2) of K.S.A. 41-2655]

#### Customers providing their own alcoholic liquor.

A public venue may allow a customer to bring into the licensed premises bottles of their own alcoholic liquor to be consumed by the customer and the customer's invited guests. The public venue may also prohibit such practice. [K.S.A. 41-2647] The public venue may not warehouse the customer's bottles of alcoholic liquor and the customer must remove all such bottles when departing the licensed premises.

If a public venue allows this practice, it may charge the customer a "corkage fee" for mixing/dispensing and/or serving drinks from the customer's bottles of alcoholic liquor. The corkage fee is subject to the 10 percent retail liquor drink tax imposed by K.S.A. 79-41a01 et seq. [Subsection (a)(1) of K.A.R. 92-24-11]

### Sampling of alcoholic liquor.

A public venue may allow an agent or employee of an industry member to purchase drinks for the venue's customers. All alcoholic liquor provided by industry members on the premises must be purchased from the public venue licensee. The licensee remains responsible for any violations of the club or drinking establishment act, or its regulations, including service to an incapacitated person. [Ruling by the Director, July 30, 2012]

A public venue may allow a microbrewery or microdistillery to serve free samples of its manufactured beer or spirits on the licensed premises at special events monitored and regulated by the division of ABC. [Ruling by the Director, based on K.S.A. 41-354 and K.S.A. 41-308b]

A public venue may allow a farm winery to serve free samples of its manufactured wine and sell wine in the original container on the licensed premises at special events monitored and regulated by the division of ABC. [Ruling by the Director, based on K.S.A. 41-308a]

Each microbrewery, farm winery or microdistillery shall submit electronic notification prior to participating in the special event.

“Special event” is defined as a public or private gathering of two or more persons, arranged for a specific commercial, charitable or social purpose, having a limited duration and not conducted in the ordinary course of business.

### Self-Service Beer or Wine

A public venue may offer customers self-service beer, wine or both from automated devices on the licensed premises. [K.S.A. 41-2640(e)(1), as amended by Section 7 of 2018 HB 2470]

A licensee wishing to use an automated device for self-service must provide written or electronic notification to the Director at least 48 hours prior to the licensee's use of such a device. [K.S.A. 41-2640(e)(2)(B), as amended by Section 7 of 2018 HB 2470]

In order to utilize an automated device to self-serve either beer or wine, the following practice shall be followed by all customers and licensees:

- A customer shall purchase programmable, prepaid access card from the licensee or licensee's employee. To do so, the customer must produce a valid driver's license, ID card or other government issued document that verifies that the customer is at least 21 years of age.
- The access card must be programmed to allow the dispensing of no more than 15 ounces of wine or 32 ounces of beer. Once the card has been used to dispense that amount, it will become inactive. Cards can be “reactivated” once they have become inactive, if the licensee or licensee's employee chooses to do so.
- Cards shall be programmed so that they cannot be used for the first time on any business day, or for the first time after any subsequent reactivation, until the customer has provided proper identification to verify that they are at least 21 years of age.
- Cards shall become inactive at the end of each business day. For purposes of clarification, a “business day” means 6:00 a.m. until 2:00 a.m. the following calendar day.

[K.S.A. 41-2640(e)(2)(D), (E), (F) and (G), as amended by Section 7 of 2018 HB 2470]

## **Prohibited Activities (also see section on "Selling and Serving of Alcoholic Beverages")**

### Unqualified employees.

A public venue shall not knowingly employ any person who does not meet the qualifications set forth in K.S.A. 41-2610.

### Purchases of liquor stock.

A public venue shall not purchase alcoholic liquor from any person except from a person authorized by law to sell such alcoholic liquor to such licensee. [Subsection (e) of K.S.A. 41-2610] See section entitled "Obtaining, transporting and paying for alcoholic beverages."

### Removal of alcoholic liquor from premises.

A public venue shall not allow a customer to remove from the licensed premises alcoholic liquor purchased from the licensee. The "Doggie Bag Law" does not apply to public venues.

### Selling alcoholic liquor below cost.

A public venue shall not sell any individual drink at a price less than the acquisition cost of the drink to the licensee, plus liquor drink tax. [Subsection (b)(2) of K.S.A. 41-2640]

### Serving free alcoholic liquor.

A public venue shall not serve any free alcoholic liquor or cereal malt beverage in any form to any person. [Subsection (b)(1) of K.S.A. 41-2640]

### Sale of powdered alcohol.

A licensee shall not sell, offer to sell, or serve free of charge any form of powdered alcohol. [Subsection (b)(6) of K.S.A. 41-2640]

### Allowing a drinking game.

A public venue shall not encourage or permit any game or contest that involves the consumption of alcoholic liquor or cereal malt beverage on the licensed premises. [Subsection (b)(5) of K.S.A. 41-2640] This does not include "water pong" or any other game in which participants consume only water or other non-alcoholic liquid. It **does** include any game advertised or promoted as including only water or other non-alcoholic liquid but during which the participants consume alcoholic liquor or cereal malt beverage. [Ruling by the Director on July 30, 2012]

### Tournaments involving poker or other card games.

The Kansas Racing and Gaming Commission has ruled that games of chance or skill which result in something of value being awarded as a prize, regardless of whether any fee was charged to enter the game, constitutes gambling and is, therefore, illegal. A public venue may not allow persons on the licensed premises to participate in poker tournaments or other card games where something of value is awarded as a prize, regardless of whether any fee was charged to enter the game. [Ruling by the Director on March 13, 2012.]

### Gambling machines.

The Kansas Racing and Gaming Commission has ruled that gambling machines capable of being reset or which provide or are used to provide a reward to the player are illegal. The presence of such a machine on a public venue's premises may subject the licensee to criminal gambling charges. Criminal gambling charges can result in revocation of the public venue's license. [Subsection (f) of K.S.A. 41-2611]

#### Illegal consumption of alcoholic liquor.

Allowing any person to consume alcoholic liquor on the licensed premises contrary to the provisions of the Club and Drinking Establishment Act is a criminal offense, subject to fine and imprisonment, in addition to possible administrative action by the Director. [K.S.A. 41-2604]

#### Illegal possession or consumption of alcoholic liquor or cereal malt beverage by a minor.

Knowingly or unknowingly permitting any person under 21 years of age to possess or consume alcoholic liquor or cereal malt beverage on the licensed premises is a criminal offense, subject to fine and imprisonment, in addition to possible administrative action by the Director. [K.S.A. 41-2615] Exceptions or defenses:

- An exception is made for an employee of the licensee who is serving alcoholic liquor or cereal malt beverage under the supervision of another employee of the licensee who is at least 21 years of age. [Subsection (a) of K.S.A. 41-2615]
- It is a defense to prosecution if the licensee had reasonable cause to believe that the minor was 21 years of age or older **and** the minor exhibited a driver's license, Kansas non-driver's ID card, or other official or apparently official document, containing a photograph that reasonably appears to be the minor and purporting to establish that such minor was 21 years of age or more. [Subsection (c) of K.S.A. 41-2615]

#### Refusing immediate entry and inspection of the premises to law enforcement officers.

The right to immediate entry and inspection of the licensed premises by law enforcement officers is a condition of the license. The right to immediate entry is not limited to regular business hours, but exists whenever the premises is occupied. Denial of this right to immediate entry is grounds for revocation of the license. [K.S.A. 41-2613]

#### Intoxication of manager or employee.

The licensee's manager or employee has been intoxicated while on duty. [Subsection (d) of K.S.A. 41-2611]

#### Allowing disorderly conduct.

Permitting any disorderly person to remain on the licensed premises. [Subsection (e) of K.S.A. 41-2611]

#### Violation of certain state or federal laws.

Allowing a violation of the laws of this state, or of the United States, pertaining to the sale of intoxicating or alcoholic liquors or cereal malt beverages, or any crime involving a morals charge, on the licensed premises. [Subsection (f) of K.S.A. 41-2611]

#### Federal wagering occupational stamp.

The purchase of a federal wagering occupational stamp issued by the United States Treasury Department by the licensee or any of its managing officers or employees and display of the stamp on the licensed premises. [Subsection (g) of K.S.A. 41-2611]

#### Federal coin operated gambling device stamp.

The purchase of a federal coin operated gambling device stamp issued by the United States Treasury Department by the licensee or any of its managing officers or employees and display of the stamp on the licensed premises. [Subsection (h) of K.S.A. 41-2611]

### Public nuisance.

The licensee has been found guilty of permitting or maintaining a public nuisance pursuant to K.S.A. 21-6204. [Subsection (j) of K.S.A. 41-2611]

### **Administrative Actions for Violations of Statutes and Regulations**

If an ABC Enforcement Agent observes a violation of the state liquor statutes or administrative regulations, the agent may issue an administrative citation setting forth the details of the violation as listed in subsection (c) of K.S.A. 41-106. The Agent shall deliver the administrative citation to the licensee or person in charge of the licensed premises at the time of the violation. A copy of the administrative citation shall also be sent to the licensee by U.S. mail within 30 days after the date of the violation. [Subsection (a) of K.S.A. 41-106]

If a law enforcement officer from any other law enforcement agency observes a violation of the state liquor statutes, the law enforcement officer may prepare a notice of the violation (Form ABC-60) and serve the notice on the licensee or person in charge of the licensed premise. The law enforcement officer shall then submit a report of the violation to ABC for review to determine if administrative action should be taken against the licensee. If ABC decides to take action, then an administrative citation and notice of administrative action is sent to the licensee by U.S. mail within 30 days after the date of the violation. [Subsection (b) of K.S.A. 41-106]

The “person in charge” is defined as any individual or employee present on the licensed premises at the time of the alleged violation who is responsible for the operation of the licensed premises. If no individual or employee has been designated by the licensee as being in charge, then any employee present is considered the “person in charge” for the purpose of delivering an administrative citation by an ABC Enforcement Agent or for delivering a notice of violation by any other law enforcement officer. [Subsection (e) of K.S.A. 41-106]

The Director may suspend, involuntary cancel or revoke any license issued by the Division of Alcoholic Beverage Control after the issuance of a citation to the licensee and a hearing conducted by the Director pursuant to the Kansas Administrative Procedures Act (K.S.A. 77-501 et seq.) in which the licensee has an opportunity to participate, for any of the following reasons:

- Providing false information on the license application or at any hearing relating to the issuance of the license. [Subsection (a) of K.S.A. 41-2609]
- Violation of any provision of the Club and Drinking Establishment Act or any administrative regulation adopted pursuant to such act (see handbook section above entitled “Prohibited activities). [Subsection (b) of K.S.A. 41-2609]
- No longer meets the qualifications to obtain the license. [Subsection (c) of K.S.A. 41-2609]

[K.S.A. 41-2609 and 41-2611]

The Director may also impose a fine not to exceed \$1,000 on a licensee for each violation of the Club and Drinking Establishment Act. The order imposing the fine is appealable in accordance with provisions of the Kansas Administrative Procedures Act (K.S.A. 77-501 et seq.). [K.S.A. 41-2633a]

The Director may determine a penalty based on the ABC’s fine and penalty schedule, dated July 16, 2012. Penalties may vary from the schedule based on the presence of mitigating or aggravating circumstances. The liquor penalty grid is available for download from our website at <https://www.ksrevenue.org/pdf/LiqPenGrid.pdf>.



## **Liquor Drink Tax**

Sales of alcoholic liquor and cereal malt beverage made by public venues are subject to the 10 percent liquor drink tax pursuant to K.S.A. 79-41a01 et seq. The tax is paid by the consumer and computed on the full purchase price of the drink, including any mandatory gratuity charged by the licensee. The public venue must file a monthly return of taxes collected and submit the return and the taxes to the department by the 25<sup>th</sup> day of the following month in which the taxes were collected.

The liquor drink tax is imposed as an alternative to the Kansas retail sales tax. Therefore, alcoholic drinks subject to the liquor drink tax are exempt from the Kansas retail sales tax. [Subsection (a) of K.S.A. 79-3606]

Any public venue that becomes delinquent in the filing of returns and/or payment of its liquor drink taxes is subject to being fined or having its license suspended or revoked by the Director. [Subsection (b) of K.S.A. 79-41a07]

## **Tax Bond**

No license will be issued or renewed without the proper tax bond having been provided. The bond must be equal to 25 percent of the actual or estimated annual tax liability, or \$1,000, whichever is greater. The bond may be a cash bond, escrow bond, or corporate surety bond. [K.A.R. 92-24-23 as authorized by subsection (e) of K.S.A. 79-41a03]

Licensees will not be registered for the liquor drink tax until the bond requirement is satisfied. [Subsection (a) of K.A.R. 92-24-23]