

KANSAS DEPARTMENT OF REVENUE
ESCROW AGREEMENT FOR GUARANTEE OF KANSAS LIQUOR DRINK TAX LIABILITY

This agreement entered into this _____ day of _____, _____ between _____, _____, hereinafter referred to as the "Escrow Agent" and _____ hereinafter referred to as the "Depositor" is entered (Underline one - Individual Proprietorship, Partnership, LLC or Corporation) into to comply with the requirements of K.S.A. 79-41a03 as amended.

The Depositor agrees to purchase and deliver to the Escrow Agent a certificate of deposit issued by a Kansas bank, savings and loan association, or credit union in the amount of \$_____, which amount the Depositor warrants is the amount established by the Kansas Department of Revenue as the required bond. The Depositor may not assign, pledge as security for any loan, or otherwise encumber the certificate during the period of this agreement.

For the privilege of operating a licensed establishment to sell alcoholic liquor in the State of Kansas, Depositor hereby grants the Kansas Department of Revenue a security interest in the following described property: certificate of deposit number _____, in the amount of \$_____, to be held in trust by the Escrow Agent for the Kansas Department of Revenue to secure the payment of liquor drink tax pursuant to the Kansas Liquor Drink Tax Act.

The Escrow Agent hereby acknowledges receipt of notification of the Kansas Department of Revenue's security interest in the above described property.

The Escrow Agent acknowledged receipt of the aforesaid certificate of deposit and will not return said certificate to the Depositor nor allow said certificate to be assigned, pledged, or otherwise encumbered during the period of this agreement except as provided below. The Escrow Agent shall remit interest on the certificate annually to the Depositor.

In the event Depositor defaults in payment of the Kansas Liquor Drink Tax obligations, the Escrow Agent, upon written demand from Kansas Department of Revenue, shall remit the proceeds of the certificate of deposit and any interest accrued to date of notification to the Kansas Department of Revenue or its authorized agent. Upon such remittance to the Kansas Department of Revenue, this agreement shall be deemed terminated.

When the Director of Taxation of the State of Kansas determines that a bond is no longer required for the Depositor, notification in writing shall be made to the Escrow Agent who will then be authorized to release the certificate of deposit to the Depositor and thus terminate this agreement.

Nothing in this agreement shall be so construed to increase the liability of the Escrow Agent beyond the amount and provisions of this agreement.

Dated at _____ this _____ day of _____,

(Depositor's Signature)

(Escrow Agent's Signature)

(Depositor's Address)

(Escrow Agent's Address)

(Liquor Drink Tax Registration Number)

(Escrow Agent's Phone Number)

State of _____

County of _____ ss

Subscribed and Sworn to before me this _____ day of _____,

(Notary Public)

My Commission Expires: _____

LD-401 Escrow Agreement for Guarantee of Kansas Liquor Drink Tax Liability Instructions

(For Drinking Establishments, Class A Clubs, Class B Clubs,
Caterers, Public Venues, Hotels, or other On-Premise Licensees)

PLEASE READ BEFORE COMPLETING THIS BOND FORM

- ❖ You must complete the most current version of Form LD-401, Escrow Agreement for Guarantee of Kansas Liquor Drink Tax Liability. The most current version can be found on our website: www.ksrevenue.org.
- ❖ All fields on this form must be completed, except for the Liquor Drink Tax Reg. No. field.
- ❖ Line 1 of the bond must contain the date coverage begins under this bond.
- ❖ "Escrow Agent" must be a Kansas financial institution.
- ❖ "Depositor" must be the legal name of the entity applying for or holding a Kansas liquor license and must match exactly the entity name listed on the liquor tax application. For a sole proprietorship, this must be the individual's name. For general partnerships, each partner must be listed.
- ❖ The amount of the bond cannot include funds from another active liquor escrow bond.
- ❖ The Depositor must sign the bond and provide a mailing address.
- ❖ The Escrow Agent must sign the bond and provide a mailing address and telephone number.
- ❖ The escrow bond agreement must be notarized. **A notary cannot notarize their own signature.**
- ❖ The certificate of deposit being held in escrow **cannot** be released, transferred, assigned, pledged, rolled into another certificate of deposit, or otherwise encumbered until released or demanded by the Department of Revenue.
- ❖ Failure to complete the LD-401 properly will result in an invalid bond. The bond will be voided and kept in the customer's file.
- ❖ Original bonds cannot be returned.
- ❖ If you need any additional copies you can find them at: <https://www.ksrevenue.org/bustaxtypesliqdrink.html> or have questions regarding this form should be directed to the Division of Taxation, Miscellaneous Tax Segment, at 785-368-8222, option 5, then option 4, then option 2 or they can be faxed to 785-296-4993.
- ❖ Submit this form to:

Miscellaneous Tax
Kansas Department of Revenue
PO Box 758573
Topeka, KS 66675-8573