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Laura Kelly, Governor

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NOTICE 19-01

Date: April 19, 2019
To: Liquor Enforcement Tax Customer
Subject: HB 2035 - Tax Imposed on Cereal Malt Beverage by Retail Liquor Stores

The passage of House Bill 2035 during the 2019 legislative session made changes to clarify the tax collected on the sale of Cereal Malt Beverage (CMB) in retail liquor stores.

What's New?

Effective April 1, 2019 and upon publication of the act in the Kansas Register (04/11/19), all retail sales of alcoholic liquor, CMB and non-alcoholic malt beverage are subject to the liquor enforcement tax as described in K.S.A. 79-4101.

What These Changes Mean

- Per 2017 Senate Bill 13 and as indicated in prior Notice 18-04, effective April 1, 2019, retail liquor stores are allowed to sell CMB and other goods or services. As a reminder, the sale of other goods and services (excluding the sale of lottery tickets, cigarettes and tobacco products) cannot exceed 20% of the total gross receipts.
- Retail liquor stores will charge liquor enforcement tax on the sale of alcoholic liquor, CMB and non-alcoholic malt beverages.
- Retail liquor stores will charge retailers' sales tax on the sale of other goods or services (excluding lottery tickets).
- Retail liquor stores must apply for a Retail Cigarette/E-Cigarette Dealer's License if selling cigarettes.
- The revised Kansas Liquor Enforcement Tax Return (LE-3) will be available for use beginning May 1, 2019.
- CMB retailers (such as grocery stores, convenience stores, and drug stores) will continue to charge retailers' sales tax on the sale of CMB and beer.

If you have questions or need assistance, please contact Division of Taxation, Miscellaneous Tax at 785-368-8222, option 5, option 4, option 2 or by email at kdor_miscellaneous.tax@ks.gov.