



KANSAS HEALTH INSTITUTE

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House Federal and State Affairs Committee

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HB 2690

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Information for policymakers. Health for Kansans.

The Kansas Health Institute is an independent, nonprofit health policy and research organization based in Topeka, Kansas. Established in 1995 with a multi-year grant from the Kansas Health Foundation, the Kansas Health Institute conducts research and policy analysis on issues that affect the health of Kansans.

Members of the House Federal and State Affairs Committee:

Thank you for the opportunity to offer neutral testimony on HB 2690.

The Kansas Health Institute has begun to collect tax data and alcoholic beverage license data to help assess the impact of the Kansas Indoor Clean Air Act. Our initial data collection is shown on a spreadsheet attached to this testimony. The spreadsheet shows a history of statewide liquor excise tax receipts and sales tax receipts for restaurants and other food service establishments, including one year of receipts after the Indoor Clean Air Act was implemented. The spreadsheet also shows a history of the number of alcoholic beverage licenses issued for various kinds of businesses.

The data collected so far indicates that the Indoor Clean Air Act has not had an overall negative effect on restaurant or drinking establishment sales or on the number of alcoholic beverage licenses issued.

KHI will continue to collect and analyze data related to the Indoor Clean Air Act.

Also attached is previous testimony from KHI on statewide smoking ban issues and a KHI study on the economic impact of the Lawrence smoke-free ordinance.

Data Related to the Potential Economic Impact of the Kansas Indoor Clean Air Act.

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Cigarette Tax Receipts *	48,784,000	48,041,000	129,250,000	119,787,000	118,979,000	117,899,000	115,282,000	112,705,000	107,216,000	99,829,000	95,923,000
Tobacco Products Tax Receipts	4,092,000	4,301,000	4,510,000	4,796,000	5,039,000	5,093,000	5,305,000	5,548,000	5,728,000	6,352,000	6,573,000
Liquor Excise Tax Receipts **	24,955,471	26,483,710	27,450,972	28,672,690	29,826,910	32,051,923	34,307,823	35,639,204	36,578,860	35,764,829	36,012,091
Sales Tax Receipts: ***											
Full-Service Restaurants		95,648,149	66,374,549	55,173,322	55,976,209	59,841,573	62,411,301	68,464,695	69,485,127	66,451,118	79,571,519
Limited-Service Eating Places		3,524,958	46,917,843	64,454,013	66,353,475	68,078,880	71,021,310	73,101,878	73,861,213	72,387,867	88,308,878
Special Food Services		73,015	1,588,498	2,154,953	2,447,559	2,578,007	2,845,003	2,794,957	2,624,306	2,473,246	3,195,190
Drinking Places		16,361,502	10,959,505	10,798,734	13,287,735	19,029,571	20,056,987	20,895,436	20,713,926	21,079,846	28,044,086
Total		115,607,624	125,840,395	132,581,022	138,064,978	149,528,031	156,334,601	165,256,966	166,684,572	162,392,077	199,119,673
Alcoholic Beverage Licenses Issued:											
Retail Liquor Stores	673	670	683	718	713	730	734	739	744	758	764
Spirits Distributors	12	8	8	7	7	6	11	18	15	14	23
Wine Distributors	13	10	10	10	10	8	12	17	15	16	26
Beer Distributors	51	46	46	44	44	42	43	42	38	37	36
Class A Clubs	331	328	325	319	317	315	306	304	299	296	287
Class B Clubs	184	181	175	169	152	150	149	142	134	128	116
Drinking Establishments	1,326	1,333	1,380	1,469	1,485	1,553	1,598	1,619	1,636	1,665	1,695
Caterers	27	27	27	24	26	22	24	27	30	29	36
Hotels	33	34	33	38	34	39	35	38	38	38	39
Drinking Establishments/Caterers	55	56	59	66	78	82	83	93	104	113	125
Hotel Caterers	13	12	13	13	15	16	18	17	19	21	21
Farm Wineries/Outlets	14	12	13	17	20	22	25	26	31	31	38
Microbreweries	8	7	8	9	10	14	16	15	15	15	19

* Kansas currently imposes a tax of 79 cents per pack on cigarettes. The tax was raised from 24 cents to 70 cents on July 1, 2002, and from 70 cents to 79 cents on January 1, 2003.

**Liquor excise tax is charged at the rate of 10 % on gross receipts from the sale of liquor by clubs, caterers, and drinking establishments. The proceeds of the tax are distributed 25 % to the State General Fund, 5 % to the Community Alcoholism and Intoxication Programs Fund, and 70 % to Local Governments.

***The state sales tax rate was raised from 4.9 % to 5.3% on July 1, 2002 and from 5.3 % to 6.3 % on July 1, 2010. The July 1, 2010 increase corresponds with the effective date of the statewide smoking ban. If the tax increase had not been imposed, FY 2011 collections for Full Service Restaurant tax collections would have been approximately \$68,000,000. Collections for Limited Service Eating Places would have been approximately \$75,500,000. Collections for Special Food Services would have been approximately \$2,700,000. Collections for Drinking Places would have been approximately \$24,000,000.

The Kansas Indoor Clean Air Act took effect at the beginning of FY 2011.