

# **Kansas Administrative Regulations**

## **Kansas Department of Revenue—Division of Alcoholic Beverage Control**

### **Article 20.—Class B Clubs**

#### **14-20-16. Requirements for class B club license.**

(a) A class B club license shall not be issued to any corporation, partnership, trust or individual if any owner, partner, grantor, trustee, beneficiary, officer, manager, director, stockholder owning a beneficial interest in a corporation or spouse of these individuals:

(1) Has been convicted of a felony under the laws of this state, any other state or the United States;

(2) has been convicted of being the keeper or is keeping a house of prostitution or has forfeited bond to appear in court to answer charges of being a keeper of a house of prostitution;

(3) has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;

(4) is not at least 21 years of age. This shall not apply to the spouse of the individual or to the beneficiary of a trust;

(5) (A) appoints or supervises any law enforcement officer, other than as a member of the governing body of a city or county;

(B) is a law enforcement official; or

(C) is an employee of the director;

(6) intends to act as the agent of another in exercising control of the license;

(7) at the time of application for renewal of the license issued by the director would be ineligible for the license upon a first application. This provision shall not apply to the spouse of the individual;

(8) has had any license or permit issued by the director under the club and drinking establishment act revoked; or

(9) has a beneficial interest in the manufacture, preparation or wholesale or retail sale of alcoholic liquors or a beneficial interest in any other club or drinking establishment licensed by the director. This shall not apply to any owner, partner, grantor, trustee, beneficiary, officer, manager, director, stockholder or spouse who owns a beneficial interest in another club or drinking establishment if:

(A) the application is for licensed premises located in a hotel and all of the individual's beneficial interests are in clubs or drinking establishments located in hotels;  
or

(B) the application is for licensed premises that is a restaurant and all of the individual's beneficial interests are in clubs or drinking establishments that are restaurants.

(b) A corporation shall not be issued a class B club license if any officer, manager, director or stockholder owning a beneficial interest in the corporation has been an officer, manager, director or stockholder owning a beneficial interest in a corporation which:

(1) has had a license revoked under the provisions of the club and drinking establishment act; or

(2) has been convicted of a violation of the club and drinking establishment act or the cereal malt beverage laws of this state.

(c) A partnership, trust or individual shall not be issued a class B club license if any owner, manager, grantor, trustee, beneficiary or partner:

(1) has been a citizen of the United States for less than 10 years;

(2) has been a resident of the state of Kansas for less than one year immediately preceding the date of application; or

(3) is not a resident of the county in which the club is to be located.

(d) Each corporate applicant shall be a Kansas domestic for-profit corporation.

(e) For the purpose of determining qualifications under subsections (a), (b) and (c) of this regulation, any person who provides financing to or leases premises to a class B club upon terms which result in that person having a beneficial interest in the club's business shall be deemed to be a partner in the club's business. A person who provides financing to a class B club shall be deemed to have a beneficial interest in the club's

business if the terms for repayment are conditioned on the amount of the club's receipts or profits from the sale of alcoholic liquor, other items to be mixed with alcoholic liquor or club membership fees. A lessor shall be deemed to have a beneficial interest in a club's business if the lessor receives as rent, in whole or in part, a percentage of the licensee's receipts or profits from the sale of alcoholic liquor, other items to be mixed with alcoholic liquor or club membership fees. Financing or percentage rent provisions that exclude these items shall be subject to review and approval by the director.

(Authorized by K.S.A. 1991 Supp. 41-2634; implementing K.S.A. 1991 Supp. 41-2623 as amended by 1992 HB 2719; effective, T-88-22, July 1, 1987; effective May 1, 1988; amended, T-14-11-9-92, Nov. 9, 1992; amended Dec. 21, 1992.)

\*\*\*\*\* Authenticated Kansas Administrative Regulation \*\*\*\*\*