



**HANDBOOK FOR
NON-BEVERAGE
ALCOHOL USERS
PERMITS & LICENSES**

**Division of Alcoholic Beverage Control
Kansas Department of Revenue
Docking State Office Building
915 SW Harrison Street
Topeka, Kansas 66612-1588**

**Phone: 785-296-7015
Website: www.ksrevenue.org/abc.html
Email: Kdor_abc.email@ks.gov**

Changes made to this handbook since the previous revision(s) have been highlighted in **yellow 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

Introduction:

Any alcohol or wine, whether manufactured in Kansas or imported into Kansas from another state or country, is exempt from the Kansas gallonage tax if the alcohol or wine is being used for any of the following purposes:

- Religious organizations using wine solely and exclusively for sacramental purposes. [Subsection (d) of K.S.A. 41-501]
- Manufacturers of any of the following when they are unfit for beverage purposes:
 - Patent and proprietary medicines;
 - Medicinal, antiseptic and toilet preparations;
 - Flavoring extracts, syrups and food products;
 - Scientific, industrial and chemical products; or,
 - Scientific, chemical, experimental or mechanical purposes.[Subsection (e)(1) of K.S.A. 41-501]
- Schools and colleges when used for scientific, chemical, experimental or mechanical purposes. [Subsection (k) of K.S.A. 41-501]
- Hospitals, sanatoria and other institutions caring for the sick. [Subsection (k) of K.S.A. 41-501]
- Laboratories using alcohol for non-beverage purposes.

A user of alcohol or wine for non-beverage purposes must obtain either a permit or a license from the Director of ABC in order to be exempt from the tax.

Religious organizations are not required to obtain a license or permit if the following requirements are met:

- The container of wine must be clearly labeled “Wine to be used exclusively for sacramental purposes”.
- The wine must be shipped or consigned to a bona fide priest, pastor, bishop, rabbi, preacher or minister of the gospel. “Bona fide” is not defined.

[K.A.R. 14-17-2]

"Alcohol" means the product of distillation of any fermented liquid, whether rectified or diluted, whatever its origin, and includes synthetic ethyl alcohol but does not include denatured alcohol or wood alcohol. [Subsection (a) 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. Effective Jan. 1, 2017, 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]

Non-Beverage User's Permit

A non-beverage user permit allows a school, college, hospital, sanatorium or other institution caring for the sick to make a one-time purchase of alcohol or wine to be used for scientific, chemical, experimental, mechanical or medicinal purposes. [Subsection (k) of K.S.A. 41-501]

Apply online at <https://www.ksabconline.org> or download and print the Non-beverage Permit Application and Agreement (Form ABC-835) online at www.ksrevenue.org/abcnonbevuser.html. Follow the directions for submitting the application to ABC. The permit fee is \$2. [Subsection (k) of K.S.A. 41-501]

The permit holder must purchase the alcohol or wine from a manufacturer, distributor, microbrewery, microdistillery or farm winery. At the time of purchase, they must provide two copies of their permit to the seller. [Subsection (k) of K.S.A. 41-501]

No tax is imposed on purchases of alcohol or wine by a Non-Beverage Permit holder.

Within 10 days after the purchase, the permit holder attaches a copy of their invoice to their original permit, then returns it to the ABC. Additional purchases require a new permit.

Non-Beverage User License

A non-beverage user license allows a non-beverage user to make multiple purchases of alcohol or wine without the imposition of any Kansas tax during the term of the license. [K.S.A. 41-309]

A non-beverage user means any manufacturer of products containing alcohol or wine in:

- Patent and proprietary medicines;
- Medicinal, antiseptic and toilet preparations;
- Flavoring extracts, syrups and food products;
- Scientific, industrial and chemical products; or
- Scientific, chemical, experimental or mechanical purposes.

[Subsection (e)(1) of K.S.A. 41-501]

The licensee must purchase the alcohol or wine from a manufacturer, distributor, microbrewery, microdistillery or farm winery. [K.S.A. 41-309]

Apply online at <https://www.ksabconline.org> or download and print the required forms online at www.ksrevenue.org/abcnonbevuser.html, as follows:

- Kansas Liquor License Application and Instructions (ABC-800)
- Financial Disclosure (ABC-801)
- Post either an escrow or surety bond:
 - Escrow Bond for Liquor Licenses Issued Under the Liquor Control Acts (ABC-803)
 - Surety Bond for Liquor Licenses Issued Under the Liquor Control Act (ABC-804)
- \$50 registration fee
- Licensing fee (see chart below). Applicants can pay the licensing fee in full or pay half of the license fee plus the registration fee with the application and pay the remaining half of the license fee plus a 10 percent surcharge within one year from the date the license was issued. Note: If the remaining license fee and the 10 percent surcharge are not paid when due, the license will automatically be cancelled.

If the licensee is engaged in the business of manufacturing, compounding or preparing pharmaceutical products or similar preparations or products containing alcohol or wine to be sold in both intrastate and interstate commerce, they may purchase at wholesale from manufacturers or distributors not licensed in Kansas and import alcohol or wine either in barrels, drums, casks or other containers.

The term of the license is two years and must be renewed bi-annually.

There are 5 classes of licenses based on the maximum number of gallons of alcohol and wine being purchased annually, as follows:

License Class	Maximum Quantity of Alcohol or Wine Purchased Annually	Bi-annual License Fee	Bond Amount
1	100 gallons	\$ 40	\$ 200
2	1,000 gallons	\$ 200	\$ 500
3	5,000 gallons	\$ 400	\$ 1,000
4	10,000 gallons	\$ 800	\$ 5,000
5	in excess of 10,000 gallons	\$ 2,000	\$ 10,000

[K.S.A. 41-309]

At the end of each month, the licensee must complete and file the ABC-837 Kansas Non-Beverage User Monthly Report of Purchases and submit it to the ABC by the 15th day of the following month in which alcohol or wine was purchased.

Appendix A – Statutes and Regulations

K.S.A. 41-309. Nonbeverage user's license; rights of licensee. A nonbeverage user's license shall allow the licensee to purchase alcohol or wine from a licensed manufacturer or distributor, without the imposition of any tax upon the business of such licensed manufacturer or distributor as to such alcohol or wine, to be used by such nonbeverage user licensee solely for the nonbeverage purposes set forth in subsection (5) of K.S.A. 41-501: Provided, That if any such licensee is engaged in the business of manufacturing, compounding or preparing pharmaceutical products or similar preparations or products containing alcohol or wine to be sold in both intrastate and interstate commerce, such license shall allow the licensee to purchase at wholesale or otherwise from manufacturers or distributors not licensed in the state and to import alcohol or wine either in barrels, drums, casks or other containers. All such licenses shall be divided and classified and shall permit the purchase during the term for which such licenses shall be issued of limited and stated quantities of alcohol or wine as follows:

Class 1, not to exceed	100 gallons
Class 2, not to exceed	1,000 gallons
Class 3, not to exceed	5,000 gallons
Class 4, not to exceed	10,000 gallons
Class 5, in excess of	10,000 gallons

History: L. 1949, ch. 242, § 25; March 9.

K.S.A. 41-501. Tax rate; exemptions; limitation on tax by city; collection and disposition of tax; permit to import for certain purposes. (a) As used in this section and K.S.A. 41-501a, and amendments thereto:

(1) "Gallon" means wine gallon.

(2) "Federal area" means any lands or premises which are located within the exterior boundaries of this state and which are held or acquired by or for the use of the United States or any department, establishment or agency of the United States.

(3) "Malt product" means malt syrup, malt extract, liquid malt or wort.

(b) (1) For the purpose of raising revenue a tax is imposed upon the manufacturing, using, selling, storing or purchasing [of] alcoholic liquor, cereal malt beverage or malt products in this state or a federal area at a rate of \$.18 per gallon on beer and cereal malt beverage; \$.20 per gallon on all wort or liquid malt; \$.10 per pound on all malt syrup or malt extract; \$.30 per gallon on wine containing 14% or less alcohol by volume; \$.75 per gallon on wine containing more than 14% alcohol by volume; and \$2.50 per gallon on alcohol and spirits.

(2) The tax imposed by this section shall be paid only once and shall be paid by the person in this state or federal area who first manufactures, uses, sells, stores, purchases or receives the alcoholic

liquor or cereal malt beverage. The tax shall be collected and paid to the director as provided in this act. If the alcoholic liquor or cereal malt beverage is manufactured and sold in this state or a federal area, the tax shall be paid by the manufacturer, microbrewery, microdistillery or farm winery producing it. If the alcoholic liquor or cereal malt beverage is imported into this state by a distributor for the purpose of sale at wholesale in this state or a federal area, the tax shall be paid by the distributor, and in no event shall such tax be paid by the manufacturer unless the alcoholic liquor or cereal malt beverage is manufactured in this state. If not to exceed one gallon, or metric equivalent, per person of alcoholic liquor has been purchased by a private citizen outside the borders of the United States and is brought into this state by the private citizen in such person's personal possession for such person's own personal use and not for sale or resale, such import is lawful and no tax payment shall be due thereon.

(c) Manufacturers, microbreweries, microdistilleries, farm wineries or distributors at wholesale of alcoholic liquor or cereal malt beverage shall be exempt from the payment of the gallonage tax imposed on alcoholic liquor and cereal malt beverage, upon satisfactory proof, including bills of lading furnished to the director by affidavit or otherwise as the director requires, that the liquor or cereal malt beverage was manufactured in this state but was shipped out of the state for sale and consumption outside the state.

(d) Wines manufactured or imported solely and exclusively for sacramental purposes and uses shall not be subject to the tax provided for by this section.

(e) The tax provided for by this section is not imposed upon:

(1) Any alcohol or wine, whether manufactured in or imported into this state, when sold to a nonbeverage user licensed by the state, for use in the manufacture of any of the following when they are unfit for beverage purposes: Patent and proprietary medicines and medicinal, antiseptic and toilet preparations; flavoring extracts and syrups and food products; scientific, industrial and chemical products; or scientific, chemical, experimental or mechanical purposes; or

(2) The privilege of engaging in any business of interstate commerce or otherwise, which business may not be made the subject of taxation by this state under the constitution and statutes of the United States.

(f) The tax imposed by this section shall be in addition to all other taxes imposed by the state of Kansas or by any municipal corporation or political subdivision thereof.

(g) Retail sales of alcoholic liquor, sales of beer to consumers by microbreweries and sales of wine to consumers by farm wineries shall not be subject to the tax imposed by the Kansas retailers' sales tax act but shall be subject to the enforcement tax provided for in this act.

(h) Notwithstanding any ordinance to the contrary, no city shall impose an occupation or privilege tax on the business of any person, firm or corporation licensed as a manufacturer, distributor, microbrewery, microdistillery, farm winery, retailer or nonbeverage user under this act and doing business within the boundaries of the city except as specifically authorized by K.S.A. 41-310, and amendments thereto.

(i) The director shall collect the taxes imposed by this section and shall account for and remit all moneys collected from the tax to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury and the state treasurer shall credit 1/10 of the moneys collected from taxes imposed upon alcohol and spirits under subsection (b)(1) to the community alcoholism and intoxication programs fund created by K.S.A. 41-1126, and amendments thereto, and shall credit the balance of the moneys collected to the state general fund.

(j) If any alcoholic liquor manufactured in or imported into this state is sold to a licensed manufacturer or distributor of this state to be used solely as an ingredient in the manufacture of any beverage for human consumption, the tax imposed upon the manufacturer or distributor shall be reduced by the amount of the taxes which have been paid under this section as to the alcoholic liquor so used.

(k) The tax provided for by this section is not imposed upon alcohol or wine used by any school or college for scientific, chemical, experimental or mechanical purposes or by hospitals, sanatoria or other institutions caring for the sick. Any school, college, hospital, sanatorium or other institution caring for the sick may import alcohol or wine for scientific, chemical, experimental, mechanical or medicinal purposes by making application to the director for a permit to import it and receiving such a permit. Application for the permit shall be on a form prescribed and furnished by the director, and a separate permit shall be required for each purchase of alcohol or wine. A fee of \$2 shall accompany each application. All permits shall be issued in triplicate to the applicant and shall be under the seal of the office of the director. Two copies of the permit shall be forwarded by the applicant to the microbrewery, microdistillery, farm winery, manufacturer or distributor, from which the alcohol or wine is purchased, and the microbrewery, microdistillery, farm winery, manufacturer or distributor shall return to the office of the director one copy of the permit with its shipping affidavit and invoice. Within 10 days after receipt of any alcohol or wine, the school, college, hospital or sanatorium ordering it shall file a report in the office of the director upon forms furnished by the director, showing the amount of alcohol or wine received, the place where it is to be stored, from whom it was received, the purpose for which it is to be used and such other information as required by the director. Any school, college, hospital, sanatorium or institution caring for the sick, which complies with the provisions of this subsection, shall not be required to have any other license to purchase alcohol or wine from a microbrewery, microdistillery, farm winery, manufacturer or distributor.

History: L. 1949, ch. 242, § 53; L. 1953, ch. 238, § 6; L. 1958, ch. 50, § 2 (Budget Session); L. 1958, ch. 14, § 1 (Special Session); L. 1961, ch. 240, § 1; L. 1964, ch. 34, § 1 (Budget Session); L. 1971, ch. 174, § 1; L. 1977, ch. 167, § 1; L. 1977, ch. 168, § 1; L. 1983, ch. 161, § 12; L. 1984, ch. 179, § 1; L. 1985, ch. 172, § 1; L. 1986, ch. 185, § 5; L. 1987, ch. 182, § 41; L. 1993, ch. 234, § 3; L. 2001, ch. 5, § 129; L. 2012, ch. 144, § 20; July 1.

K.A.R. 14-17-2. Sacramental wine, importation, sale, transportation, and delivery. No license of any kind shall be required of any person to ship wine into this state which is to be used exclusively for sacramental purposes, when such wine is shipped by common carrier and consigned to any bona fide priest, pastor, bishop, rabbi, preacher or minister of the gospel of any religious faith or denomination, and the container, barrel, case, or carton thereof is plainly and legibly labeled: "Wine to be used exclusively for sacramental purposes"; and no licenses or transportation permit, shall be required for the importation and the delivery, transportation, or distribution within this state of any such wine when it is consigned to any such bona fide priest, pastor, bishop, rabbi, preacher or minister of the gospel, and the container, barrel, case, or carton is plainly and legibly labeled as above required.

(Authorized by K.S.A. 41-211, K.S.A. 1965 Supp. 41-210; effective Jan. 1, 1966.)