




2019 LEGISLATIVE FOCUS



Interim Joint Committee on Licensing,
Occupations & Administrative Regulations
November 9, 2018

Our Mission Since 1880

Founded in Louisville
HQ in Frankfort, Offices in Louisville

Passionately and Responsibly
Unite, Promote, Protect & Elevate
Kentucky's Signature Bourbon and
Distilled Spirits Industry



KDA Now Has 40 Members



More On The Way!

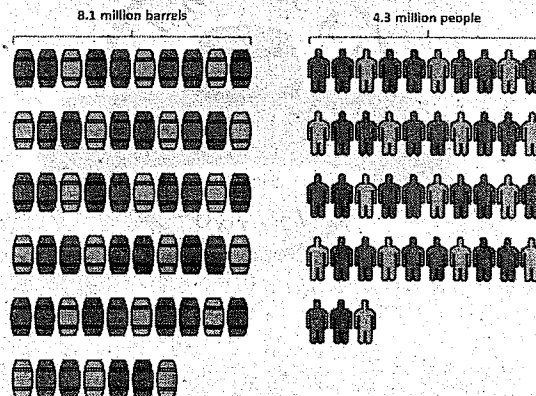
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|---|--|
| A.L. Distillery, <i>Louisville</i> | Castle & Key, <i>Versailles</i> |
| Crooked Tail, <i>Princeton</i> | Distillery America, <i>Louisville</i> |
| Glenn's Creek, <i>Frankfort</i> | Hearthstone, <i>Almo</i> |
| Old Towne, <i>Harrodsburg</i> | Barrel Craft, <i>Louisville</i> |
| Paducah Distilled Spirits, <i>Paducah</i> | Pauley Hollow, <i>Forest Hills</i> |
| Preservation Distillery, <i>Bardstown</i> | Prohibition Craft Spirits, <i>Louisville</i> |
| Three Keys, <i>Burlington</i> | Route 52 Moonshine, <i>Irvine</i> |
| Bourbon 30, <i>Georgetown</i> | Six-Mile Creek, <i>Pleasureville</i> |
| James Pepper, <i>Lexington</i> | Coal Pick, <i>Drakesboro</i> |



Kentucky Dominates Bourbon Production

- Production has increased by more than 275 percent since 1999 (455,078 barrels to 1,715,541 million barrels in 2017)
- Only second time since 1968 that Kentucky distillers have filled more than 1.7 million barrels
- More than 8.1 million total barrels of Bourbon & other spirits currently aging in Kentucky – highest since 1971
- 7.5 million barrels of Bourbon gently aging in Kentucky – also highest since 1972
- Premium small batch and single barrel brands are driving the “Bourbon Revolution”
- The 2018 tax assessed value of aging barrels is \$3 billion, up \$456 million from 2017 and 200 percent increase since 2006

There are almost 2 barrels for every person living in Kentucky



Put Your Money Where Your Mash Is

\$485 million capital investments
since 2011

+\$620 million in next 5 years

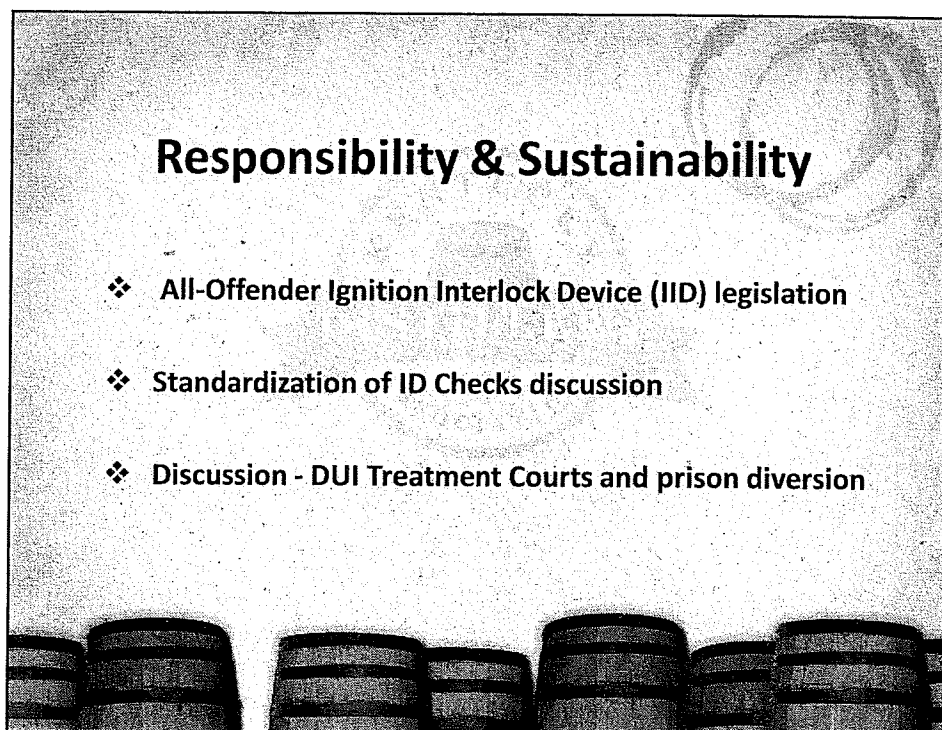
**\$1.15 billion between 2011-
2021**

INTERNATIONAL W9 - "Spirit of Collaboration" Summit





2019 LEGISLATIVE **FOCUS**

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- ## **Responsibility & Sustainability**
- ❖ **All-Offender Ignition Interlock Device (IID) legislation**
 - ❖ **Standardization of ID Checks discussion**
 - ❖ **Discussion - DUI Treatment Courts and prison diversion**

KDA Boosts Responsibility Commitment

- Created Responsibility Advisory Group and hired full-time responsibility advocate for the industry
- Adopted first social and civic responsibility statement with key pillars:

Focus Areas:

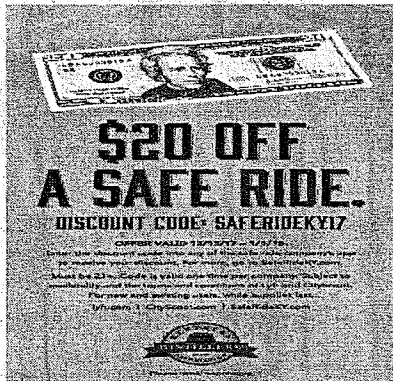
			
Safe Rides	Underage Drinking	Responsible Consumption	Respect for Non-Drinkers

- Established best practices for visitor centers, events and marketing
- Increasingly important with the passage of Senate Bill 11 and the skyrocketing growth of the KDA's Kentucky Bourbon Trail® experiences.




Safe Rides

Delivered more than 3,700 safe rides, with a goal of 5,000 before years end, through partnership with Lyft while expanding its on-demand service to Kentucky Bourbon Trail® communities and recruiting more drivers, especially in rural areas.



**\$20 OFF
A SAFE RIDE.**
DISCOUNT CODE: SAFERIDEKY17

GOOD VALID THROUGH 12/31/18
Enter the discount code into any of the Lyft app's ride requests over \$20 for your trip. See Lyft app for details. Offer is subject to the Lyft Terms of Service. Subject to applicable local laws and regulations. While supplies last.
Lyft is a registered trademark of Lyft, Inc.



TAXES

- ❖ **Legislative fix for double taxation - business to business tax**
- ❖ **Barrel Tax – Revamp and Retool for better utilization**

Highest Taxed Industry in Kentucky

**34.4 Cents of Every \$1 Output Goes to Taxes
More than all other 536 Kentucky Industries**

Seven different taxes on every bottle of spirits in Kentucky

- *Aging barrel tax (local) – rate by jurisdiction*
- *Aging barrel tax (state) – 5 cents per \$100 value*
- *Case tax– 5 cents per case*
- *State excise tax– \$1.92 gallon*
- *Federal excise tax – \$13.50 proof gallon*
- *State wholesale tax – 11 percent (raised in 2005)*
- *State sales tax – 6 percent (added in 2009)*

60 percent of every bottle of spirits in Kentucky goes to taxes
Generates \$190 million in local & state tax revenue, \$625 million in federal taxes

Legislation “Clean-up”

- ❖ Local Option Sunset Provision
- ❖ House Bill 400

Advancing Tourism

- ❖ Always on the lookout for ways to bring tourists to the KY Bourbon Trail and KY Bourbon Trail Craft Tour
- ❖ Exclusive distillery Visitor Center offerings
- ❖ HB 136 for spirits

Frazier – Kentucky Bourbon Trail® Welcome Center



RECORD-BREAKING GROWTH CONTINUES

1,194,233

Visits In 2017!

Record-Breaking Growth In 2017



- Kentucky Bourbon Trail® distilleries recorded 940,780 stops in 2017
- 253,453 stops were made on the Kentucky Bourbon Trail Craft Tour®
- All-time high of 23 participating distilleries with many more on the way in 2018
- Attendance has grown by 314% in last 10 years

Enjoy our fine Bourbon and
distilled spirits like a true
Kentuckian – RESPONSIBLY.

Thank you.