

1 AN ACT relating to the manufacturing of distilled spirits.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔ Section 1. KRS 243.120 is amended to read as follows:

4 (1) A distiller's, rectifier's, or winery license shall authorize the licensee to engage in
5 the business of distiller, rectifier, or winery at the premises specifically designated
6 in the license, to maintain aging warehouses, and to transport for himself or herself
7 only any alcoholic beverage which he or she is authorized under the license to
8 manufacture or sell. The licensee shall transport alcoholic beverages only by a
9 vehicle operated by himself or herself, which has affixed to its sides at all times a
10 sign of form and size prescribed by the state board, containing among other things
11 the name and license number of the licensee. No distilled spirits or wine shall be
12 transported on the same truck or vehicle with malt beverages, except by a common
13 carrier, unless the owner of the truck or vehicle holds a distributor's license.

14 (2) (a) 1. The manufacture of distilled spirits at the distillery shall not be less than
15 six hundred (600) gallons in one (1) year.

16 2. *Provided that they do not produce spirits for sale to the general public,*
17 *a licensee that engages in the distilling process for the exclusive*
18 *purpose of providing training and education or conducting research*
19 *or teaching about the distilling process, aging, or bottling of distilled*
20 *spirits, shall be exempt from paragraph (a) of this subsection.*

21 (b) Distillers that produce more than fifty thousand (50,000) gallons of distilled
22 spirits per calendar year at the premises shall obtain a distiller's license, Class
23 A.

24 (c) Distillers that produce fifty thousand (50,000) gallons or less of distilled
25 spirits per calendar year at the premises shall obtain a distiller's license, Class
26 B (craft distillery).

27 (3) (a) Rectifiers that rectify more than fifty thousand (50,000) gallons of distilled

- 1 spirits per calendar year at the premises shall obtain a rectifier's license, Class
2 A.
- 3 (b) Rectifiers that rectify fifty thousand (50,000) gallons or less of distilled spirits
4 per calendar year at the premises shall obtain a rectifier's license, Class B
5 (craft rectifier).
- 6 (4) (a) A distiller that is located in wet territory, or in any precinct that has authorized
7 the limited sale of alcoholic beverages at distilleries under KRS 242.1243,
8 may sell distilled spirits by the drink or by the package at retail to consumers
9 in accordance with KRS 243.0305.
- 10 (b) Any distilled spirits sold under this subsection shall be taxed and distributed
11 in the same manner as sales under KRS 243.0305(2).
- 12 (c) Except as provided in this subsection, sales under this subsection shall be
13 governed by all of the statutes and administrative regulations governing the
14 retail sale of distilled spirits by the drink.
- 15 (5) Nothing in this section shall be construed to:
- 16 (a) Vitiate the policy of this Commonwealth supporting an orderly three (3) tier
17 system for the production and sale of alcoholic beverages; or
- 18 (b) Allow delivery or shipment of alcohol into dry or moist territory.