

1 AN ACT relating to alcoholic beverage sales.

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

3 →SECTION 1. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) (a) If permitted by its license type, a license holder with the privilege of selling
6 alcoholic beverages by the drink at retail shall be permitted to sell alcoholic
7 beverages by the drink in a covered or sealed container, and by the package
8 in closed sealed original containers, on a delivery, to-go, or take-out basis,
9 as follows:

10 1. The sale of alcoholic beverages pursuant to this section must be in
11 conjunction with the purchase of a meal and alcoholic beverages are
12 not to be sold in bulk quantity;

13 2. Deliveries that include alcoholic beverages shall be made in a vehicle
14 operated and owned by the licensee, the licensee's employee, or an
15 independent contractor or agent;

16 3. Any person delivering alcoholic beverages must be at least 20 years of
17 age;

18 4. Vehicles used for deliveries performed under this subsection are
19 exempt from displaying the name and license number of the retail
20 licensee selling the alcoholic beverages being delivered; and

21 5. No delivery shall be made to a minor under 21 years of age or to an
22 intoxicated person.

23 (b) For purposes of this subsection, a covered or sealed container shall not be
24 considered an open container.

25 (c) All licensees are prohibited from:

26 1. Shipping or delivering into dry territories; and

27 2. Completing sales in dry territories.

1 (d) The Department of Alcoholic Beverage Control may, but is not required to,
 2 promulgate an administrative regulation that sets forth the:

3 1. Conditions under which sales may take place; and

4 2. Days and times that sales may take place.

5 (e) Except as provided in this subsection, sales of alcoholic beverages shall be
 6 governed by all of the statutes and administrative regulations governing the
 7 retail sale of alcoholic beverages by the drink.

8 ➔Section 2. KRS 243.084 is amended to read as follows:

9 (1) A "Nonquota type 2" or "NQ2" retail drink license may be issued to an applicant
 10 operating as, or in:

11 (a) A hotel that:

12 1. Contains at least fifty (50) sleeping units; and

13 2. Receives from its total food and alcoholic beverage sales at least fifty
 14 percent (50%) of its gross receipts from the sale of food;

15 (b) A restaurant;

16 (c) An airport;

17 (d) A riverboat;

18 (e) A distiller; or

19 (f) A business located within, or adjacent to, an entertainment destination center
 20 licensed premises.

21 (2) A holder of an NQ2 retail drink license may purchase, receive, possess, and sell
 22 alcoholic beverages at retail by the drink for consumption on the licensed premises
 23 or off-premises consumption pursuant to Section 1 of this Act. The licensee shall
 24 purchase alcoholic beverages only from licensed wholesalers or distributors. A
 25 distiller may purchase its own products for retail drink sales under KRS 243.0305.
 26 The holder of an NQ2 retail drink license shall store alcoholic beverages in the
 27 manner prescribed in KRS 244.260.

- 1 (3) (a) To qualify for an NQ2 license, a riverboat shall have a regular or alternative
2 place of mooring in a wet county or city of this state.
- 3 (b) If a riverboat moors or makes landfall in a location other than its regular or
4 alternate regular place of mooring, all alcoholic beverages shall be kept
5 locked.
- 6 (c) A riverboat licensed under this subsection shall not take on or discharge
7 passengers when mooring or making landfall in dry option territory.

8 ➔Section 3. KRS 243.155 is amended to read as follows:

- 9 (1) Any in-state or out-of-state small farm winery may apply for a small farm winery
10 license. In addition to all other licensing requirements, an applicant for a small farm
11 winery license shall submit with its application a copy of the small farm winery's
12 federal basic permit and proof documenting its annual wine production. An out-of-
13 state winery shall submit additional documentation evidencing its resident state. As
14 part of the application process, an out-of-state winery shall publish its notice of
15 intent, as required by KRS 243.360, in the Kentucky newspaper of highest
16 circulation. The board shall promulgate administrative regulations establishing the
17 form the documentation of proof of production shall take.
- 18 (2) A small farm winery license shall authorize the licensee to perform the following
19 functions without having to obtain separate licenses, except that each small farm
20 winery off-premises retail site shall be separately licensed:
- 21 (a) Engage in the business of a winery under the terms and conditions of KRS
22 243.120 and 243.130. The manufacture of wine at the small farm winery shall
23 not be less than two hundred fifty (250) gallons, and shall not exceed five
24 hundred thousand (500,000) gallons, in one (1) year;
- 25 (b) Bottle wines produced by that small farm winery and other licensed small
26 farm wineries;
- 27 (c) Enter into an agreement with another licensed small farm winery under which

- 1 it crushes, processes, ferments, bottles, or any combination of these services,
2 the grapes, fruits, or other agricultural products of the other small farm winery
3 for a production year. The resulting wine shall be considered the product of
4 the small farm winery that provides the fruit. The small farm winery providing
5 the custom crushing services may exclude the wine produced under this
6 paragraph from its annual production gallonage;
- 7 (d) If the licensed small farm winery or off-premises retail site premises is located
8 in wet territory or in a precinct that has authorized alcoholic beverage sales by
9 the small farm winery under KRS 242.124:
- 10 1. Serve complimentary samples of wine produced by it in amounts not to
11 exceed six (6) ounces per patron per day; and
 - 12 2. Sell by the drink for on-premises consumption or off-premises
13 consumption pursuant to Section 1 of this Act, or by the package wine
14 produced by it or by another licensed small farm winery, at retail to
15 consumers;
- 16 (e) Sell by the drink or by the package, at fairs, festivals, and other similar types
17 of events, wine produced by it or by another licensed small farm winery, at
18 retail to consumers if all sales occur in a wet territory;
- 19 (f) Sell and transport wine produced by it to consumers, licensed small farm
20 winery off-premises retail sites, wholesale license holders, and small farm
21 winery license holders;
- 22 (g) Consume on the premises wine produced by the small farm winery or a
23 licensed small farm winery and purchased by the drink or by the package at
24 the licensed premises, if the small farm winery is located in wet territory; and
- 25 (h) A small farm winery may sell wine at retail to consumers in accordance with
26 KRS 243.027 to 243.029 if it holds a direct shipper license.
- 27 (3) If the requirements of KRS 242.1241 or 244.290(5) relating to Sunday sales on the

1 licensed premises of a small farm winery are met, a small farm winery within that
2 territory may sell alcoholic beverages on Sunday only in accordance with this
3 section during the hours and times as permitted in the local ordinance for that
4 locality.

5 (4) A small farm winery license holder may also hold an NQ2 retail drink license or an
6 NQ4 retail malt beverage drink license if:

7 (a) The small farm winery is located in wet territory or in a precinct that has
8 authorized alcoholic beverage sales by the small farm winery under KRS
9 242.124; and

10 (b) The issuance of these licenses is in connection with the establishment and
11 operation of a restaurant, hotel, inn, bed and breakfast, conference center, or
12 any similar business enterprise designed to promote viticulture, enology, and
13 tourism.

14 (5) This section shall not exempt the holder of a small farm winery license from the
15 provisions of KRS Chapters 241 to 244, nor from the administrative regulations of
16 the board, nor from regulation by the board at all premises licensed by the small
17 farm winery, except as expressly stated in this section.

18 (6) Nothing contained in this section shall exempt a licensed out-of-state winery from
19 obeying the laws of its resident state.

20 (7) Upon the approval of the department, a small farm winery license may be renewed
21 after the licensee submits to the department the winery's federal basic permit and
22 proof of its annual wine production.

23 (8) An employee of a small farm winery may sample the products produced by that
24 small farm winery for purposes of education, quality control, and product
25 development.

26 ➔Section 4. KRS 243.250 is amended to read as follows:

27 A quota retail drink license shall authorize the licensee to purchase, receive, possess, and

- 1 sell distilled spirits and wine at retail by the drink for consumption on the licensed
- 2 premises, or off-premises consumption pursuant to Section 1 of this Act. The licensee
- 3 shall purchase distilled spirits and wine only from licensed wholesalers.

ROUGH DRAFT