

1 AN ACT relating to the regulation of cannabis-infused beverages and declaring an
2 emergency.

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

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

6 *(1) The holder of a cannabis-infused beverage retail package license may, with a*
7 *sampling license, serve complimentary samples of cannabis-infused beverages to*
8 *consumers on licensed premises, not to exceed twelve (12) ounces per person, per*
9 *day.*

10 *(2) The holder of a cannabis-infused beverage distributor's license may, with a*
11 *sampling license, serve complimentary samples of cannabis-infused beverages to*
12 *consumers on licensed premises and at bars, restaurants, fairs, and festivals, not*
13 *to exceed twelve (12) ounces per person, per day.*

14 *(3) The holder of a cannabis-infused beverage manufacturer permitted by the*
15 *Department for Public Health may, if located in wet territory:*

16 *(a) Sell and serve cannabis-infused beverages to consumers at fairs and*
17 *festivals;*

18 *(b) Sell and serve cannabis-infused beverages to consumers by the drink and by*
19 *the package on licensed premises; and*

20 *(c) With a sampling license, serve complimentary samples of cannabis-infused*
21 *beverages on licensed premises, not to exceed twelve (12) ounces per person,*
22 *per day.*

23 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
24 READ AS FOLLOWS:

25 *(1) The department may issue a nonquota cannabis-infused beverage drink license*
26 *or nonquota retail cannabis-infused beverage package license as a supplemental*
27 *license as set forth in this section.*

1 (2) (a) A nonquota cannabis-infused beverage drink license may be issued by the
 2 department as a supplemental license for a retail drink licensee listed in
 3 paragraph (b) of this subsection, if the licensed premises is located within:

4 1. A wet territory; or

5 2. Any precinct that has authorized the sale of alcoholic beverages under
 6 KRS 242.1242.

7 (b) A nonquota cannabis-infused beverage drink license shall authorize the
 8 licensee to sell cannabis-infused beverages by the drink by a retailer that
 9 holds:

10 1. A quota retail drink license;

11 2. A nonquota type 1 retail drink license;

12 3. A nonquota type 2 retail drink license;

13 4. A nonquota type 3 retail drink license;

14 5. A nonquota type 4 retail drink license;

15 6. A cannabis-infused beverage manufacturer permitted by the
 16 Department for Public Health;

17 7. Special temporary license;

18 8. Special Sunday retail drink license;

19 9. Caterer's license;

20 10. Entertainment destination center license;

21 11. Limited restaurant license;

22 12. Limited golf course license; or

23 13. Qualified historic site license.

24 (3) A nonquota retail cannabis-infused beverage package license may be issued by
 25 the department as a supplemental license to a retailer that holds a permit to
 26 operate a hemp retail establishment issued by the Cabinet for Health and Family
 27 Services, provided the retailer derives at least seventy percent (70%) of its revenue

1 from hemp products and meets the criteria outlined in subsection (2)(a) of this
 2 section.

3 → Section 3. KRS 243.0307 is amended to read as follows:

4 (1) A sampling license may be issued to the holder of:

- 5 (a) A quota retail drink license;
- 6 (b) A quota retail package license;
- 7 (c) A nonquota retail malt beverage package license;
- 8 (d) An NQ1 license;
- 9 (e) An NQ2 license;
- 10 (f) An NQ4 retail malt beverage drink license;~~[- or]~~
- 11 (g) A distiller's license;

12 (h) A cannabis-infused beverage retail package license;

13 (i) A cannabis-infused beverage distributor's license; or

14 (j) A cannabis-infused beverage manufacturer permitted by the Department for
 15 Public Health.

16 (2) A sampling license shall authorize the licensee to allow customers to sample, free
 17 of charge, distilled spirits, wine,~~[- and]~~ malt beverages, and cannabis-infused
 18 beverages under the following conditions:

- 19 (a) Except as provided in Sections 1 and 2 of this Act, sampling shall be
 20 permitted only on licensed premises and by licensees holding a sampling
 21 license, during regular business hours;
- 22 (b) A distillery shall provide samples as authorized by KRS 243.0305;
- 23 (c) All other licensees shall limit a customer to:
 - 24 1. One (1) ounce of distilled spirits samples per day;
 - 25 2. Six (6) ounces of wine samples per day;~~[- or]~~
 - 26 3. Twelve (12) ounces of malt beverage samples per day; or
 - 27 4. Twelve (12) ounces of cannabis-infused beverage samples per day; and

- 1 (d) A brewer, microbrewery, or out-of-state malt beverage supplier may conduct
2 a sampling of malt beverages as permitted by this section at the licensed
3 premises of a retailer licensee holding a sampling license.
- 4 (3) Retailers holding a sampling license shall:
- 5 (a) Notify the Department of Alcoholic Beverage Control at least seven (7) days
6 in advance of conducting a free sampling event; and
- 7 (b) Limit a sampling event to a period not to exceed four (4) consecutive hours
8 between 12 noon and 8 p.m.
- 9 (4) In addition to free sampling, a quota retail package licensee holding a sampling
10 license may also sell sample distilled spirits and wine under the following
11 conditions:
- 12 (a) Paid samples may be sold only on licensed premises and by licensees holding
13 a sampling license, during regular business hours; and
- 14 (b) A licensee shall limit a customer to purchased samples totaling no more than:
- 15 1. Two (2) ounces of distilled spirits per day; and
16 2. Nine (9) ounces of wine per day.
- 17 (5) A quota retail package licensee holding both a sampling license and a nonquota
18 retail malt beverage package license may also sell samples of malt beverages under
19 the following conditions:
- 20 (a) Paid samples may be sold only on licensed premises and by licensees holding
21 a sampling license, during regular business hours;
- 22 (b) A licensee shall limit a customer to no more than sixteen (16) ounces of malt
23 beverages per day; and
- 24 (c) The retail price of a sample shall not be less than a licensee's purchase cost of
25 the sample.
- 26 (6) No customer shall be allowed to receive a combination of free and purchased
27 samples totaling more than:

1 (a) Two (2) ounces of distilled spirits per day; and

2 (b) Nine (9) ounces of wine per day.

3 (7) Free and paid samples provided under this section shall not constitute drink sales.

4 → Section 4. KRS 243.401 is amended to read as follows:

5 (1) (a) The distribution and retail sale of cannabis-infused beverages shall be
6 regulated solely by the Department of Alcoholic Beverage Control. The
7 department shall adopt and exclusively enforce the administrative regulations
8 of the Department for Public Health relating to the distribution and retail sale
9 of cannabis-infused beverages until such time as the Department of Alcoholic
10 Beverage Control promulgates its own administrative regulations on the
11 subject on or before July 1, 2026, including the establishment of fees to issue

12 a:

13 1. Nonquota cannabis-infused beverage drink license;

14 2. Nonquota retail cannabis-infused beverage package license; and

15 3. Nonquota retail cannabis-infused beverage supplemental license.

16 (b) The distribution and retail sale of packaged cannabis-infused beverages shall
17 be regulated by the department. On or before July 1, 2026, the department
18 shall promulgate administrative regulations in accordance with KRS Chapter
19 13A to establish the rules and procedures for this distribution and retail sale.

20 (c) A local administrator shall only have authority over the distribution and retail
21 sale of cannabis-infused beverages in its territory to the extent expressly
22 authorized by KRS Chapters 241 to 244.

23 (2) Except as provided in Sections 1 and 2 of this Act, cannabis-infused beverages
24 shall only be available for retail sale:

25 (a) By the drink;

26 (b) By the package;

27 (c) ~~(b)~~ In wet territory; and

1 ~~(d)~~~~(e)~~ By the holder of ~~both~~ a:

2 1. Quota retail package license; ~~and~~

3 2. ~~A~~ Cannabis-infused beverage retail package license;

4 3. **Cannabis-infused beverage manufacturer permitted by the**
5 **Department for Public Health;**

6 4. **Nonquota cannabis-infused beverage drink license; or**

7 5. **Nonquota retail cannabis-infused beverage package license.**

8 (3) A person under twenty-one (21) years of age shall not purchase or consume
9 cannabis-infused beverages. All restrictions and offenses related to minors and
10 alcoholic beverages in KRS Chapters 241 to 244 shall also apply in the same
11 manner to minors and cannabis-infused beverages.

12 (4) If approved as a cannabis-infused beverage manufacturer by the Department for
13 Public Health, that manufacturer may:

14 (a) Self-distribute cannabis-infused beverages in the same manner as distilled
15 spirits; and

16 (b) Ship cannabis-infused beverages under a direct shipper license in the same
17 manner that a direct shipper license allows the shipment of alcoholic
18 beverages. A direct shipper licensee may sell or ship to a consumer all types
19 of alcoholic beverages and cannabis-infused beverages that the licensee is
20 authorized to sell.

21 (5) Cannabis-infused beverages may be shipped and delivered in the same manner as
22 alcoholic beverages.

23 → Section 5. KRS 243.028 is amended to read as follows:

24 (1) A direct shipper licensee may sell or ship to a consumer all types of alcoholic
25 beverages or cannabis-infused beverages that the licensee is authorized to sell, with
26 the following aggregate limits:

27 (a) Distilled spirits, in quantities not to exceed ten (10) liters per consumer per

- 1 month;
- 2 (b) Wine, in quantities not to exceed ten (10) cases per consumer per month;
- 3 (c) Malt beverages, in quantities not to exceed ten (10) cases per consumer per
4 month; and
- 5 (d) Cannabis-infused beverages, in quantities not to exceed ten (10) cases per
6 customer per month.
- 7 (2) The direct shipper licensee shall notify the consumer placing the order that the
8 shipment shall not be left unless the recipient of the shipment provides a valid
9 identification document at the time verifying that the recipient is at least twenty-one
10 (21) years of age. All beverage containers shipped to the consumer shall be
11 conspicuously labeled with the words "ADULT USE ONLY: ID CHECK OF
12 PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY"~~["CONTAINS~~
13 ~~ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR~~
14 ~~DELIVERY" or "CONTAINS CANNABIS INFUSED BEVERAGES:~~
15 ~~SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY",~~
16 ~~as appropriate for each shipment].~~
- 17 (3) At the time of delivery, the recipient of the shipment shall present to the individual
18 delivering the package a valid identification document. Prior to transferring
19 possession of the package, the individual delivering the package shall visually
20 inspect the document and verify the identity of the recipient and, by visual
21 examination or by using age verification technology, that the recipient is at least
22 twenty-one (21) years of age.
- 23 (4) Before transferring possession of the package, the individual delivering the package
24 shall obtain the signature of the recipient of the shipment. The individual who
25 receives and signs for the beverages is not required to be the consumer who
26 purchased the beverages.
- 27 (5) A consumer who intentionally causes shipment to an address deemed unlawful

1 shall, for the first offense, be guilty of a violation punishable by a fine of two
 2 hundred fifty dollars (\$250), and for each subsequent offense, be guilty of a
 3 violation punishable by a fine of five hundred dollars (\$500). In this instance, the
 4 direct shipper licensee and the common carrier shall be held harmless.

5 (6) A direct shipper licensee may not sell or ship beverages to a consumer from its
 6 licensed premises if the consumer's address is located in an area in which that type
 7 of beverages may not be sold or received.

8 (7) Shipments made pursuant to this section shall be made through a common carrier.

9 (8) If a common carrier is unable to complete delivery, then the beverages shall be
 10 returned to the consignor.

11 → Section 6. KRS 189.530 is amended to read as follows:

12 (1) No person shall provide a motor vehicle to another to operate upon a highway,
 13 knowing that the other person is in an intoxicated condition, or under the influence
 14 of any substance which may impair one's driving ability.

15 (2) A person is guilty of possession of an open alcoholic beverage container in a motor
 16 vehicle, when he or she has in his or her possession an open alcoholic beverage
 17 container in the passenger area of a motor vehicle located on a public highway or
 18 on the right-of-way of a public highway. However, nothing in this section shall
 19 prohibit the possession of an open alcoholic beverage container by an individual
 20 who is strictly a passenger and not the driver, in the passenger area of a motor
 21 vehicle maintained or used primarily for the transportation of persons for
 22 compensation, such as buses, taxis, and limousines, or in a recreational vehicle,
 23 motor home, or motor coach.

24 (3) **A person is guilty of possession of an open cannabis-infused beverage container**
 25 **in a motor vehicle, when he or she has in his or her possession an open cannabis-**
 26 **infused beverage container in the passenger area of a motor vehicle located on a**
 27 **public highway or on the right-of-way of a public highway.**

1 (4) ~~As used in~~ ~~For purposes of~~ this section, "alcoholic beverage" means:

- 2 (a) Beer, ale, porter, stout, and other similar fermented beverages including sake
3 or similar products of any name or description containing one-half of one
4 percent (0.5%) or more of alcohol by volume, brewed or produced from malt,
5 wholly or in part, or from any substitute therefor;
- 6 (b) Wine of not less than one-half of one percent (0.5%) of alcohol by volume; or
- 7 (c) Distilled spirits which is that substance known as ethyl alcohol, ethanol, or
8 spirits of wine in any form including all dilutions and mixtures thereof from
9 whatever source or by whatever process produced.

10 (5)~~(4)~~ ~~As used in~~ ~~For the purposes of~~ this section, "open alcoholic beverage
11 container" means any bottle, can, or other receptacle that contains any amount of
12 alcoholic beverage, and:

- 13 (a) Is open or has a broken seal; or
- 14 (b) The contents of which are partially removed.

15 (6)~~(5)~~ ~~As used in this section, "open cannabis-infused beverage container" means~~
16 ~~any bottle, can, or other receptacle that contains any amount of cannabis-infused~~
17 ~~beverage and:~~

- 18 ~~(a) Is open or has a broken seal; or~~
- 19 ~~(b) The contents of which are partially removed.~~

20 (7) ~~As used in~~ ~~For the purposes of~~ this section, "passenger area" means the area
21 designed to seat the driver and the passengers while the motor vehicle is in
22 operation and any area that is readily accessible to the driver or a passenger while in
23 their seating positions, including the glove compartment. Passenger area does not
24 include possession of an open alcoholic beverage container or an open cannabis-
25 infused beverage container in a locked glove compartment, or behind the last
26 upright seat or in an area not normally occupied by the driver or a passenger in a
27 motor vehicle that is not equipped with a trunk.

1 ~~(8)~~~~(6)~~ As used in ~~For the purpose of~~ this section, "public highway" or "right-of-way
2 of a public highway" means the entire width between and immediately adjacent to
3 the boundary lines of every way publicly maintained when any part thereof is open
4 to the use of the public for purposes of vehicular travel.

5 ~~(9)~~~~(7)~~ No person shall, as a result of a single course of conduct, be tried for or
6 convicted of a violation of this section and a violation of KRS 222.202 or 525.100.
7 The attorney for the Commonwealth shall elect under which statute to proceed. A
8 conviction, decision not to prosecute, or dismissal of charges under any of these
9 statutes shall operate as a bar to prosecution under any other of these statutes for
10 offenses arising out of the same course of conduct.

11 → Section 7. KRS 243.081 is amended to read as follows:

12 (1) If authorized under its licensing statute, a license holder with the privilege of selling
13 alcoholic beverages by the drink at retail shall be permitted to sell alcoholic
14 beverages by the drink in a sealed container, and by the package in sealed original
15 containers, on a delivery, to-go, or take-out basis, as follows:

16 (a) The sale of alcoholic beverages pursuant to this section shall be in conjunction
17 with the purchase of a prepared meal and only in quantities that a reasonable
18 person would purchase with a meal;

19 (b) Deliveries, if applicable, shall be made in a vehicle operated and owned by
20 the licensee, the licensee's employee, or an independent contractor or agent;
21 and

22 (c) Any person delivering alcoholic beverages shall be at least twenty-one (21)
23 years of age.

24 (2) All licensees and their employees and independent contractors are prohibited from:

25 (a) Selling alcohol in bulk quantities;

26 (b) Completing sales in dry territories; or

27 (c) Delivering:

- 1 1. Into dry territory;
- 2 2. To a minor under twenty-one (21) years of age; or
- 3 3. To an intoxicated person.
- 4 (3) (a) For purposes of this section, alcoholic drinks to go shall be:
- 5 1. Placed in a bag or other container that is secured in a manner that makes
- 6 it visibly apparent if the container has been subsequently opened or
- 7 tampered with; and
- 8 2. Transported in a locked glove compartment or the trunk or other area
- 9 that is not a passenger area under KRS 189.530~~[(5)]~~.
- 10 (b) The department may, but is not required to, promulgate an administrative
- 11 regulation that sets forth the:
- 12 1. Conditions under which sales may take place;
- 13 2. Days and times that sales may take place; and
- 14 3. The requirements for transportation of alcoholic drinks to go under this
- 15 section.
- 16 (4) For purposes of this section, vehicles used for deliveries shall be exempt from
- 17 displaying the name and license number of the retail licensee selling the alcoholic
- 18 beverages being delivered.
- 19 (5) Except as provided in this section, sales of alcoholic beverages shall be subject to
- 20 all of the statutes and administrative regulations relating to the retail sale of
- 21 alcoholic beverages.

22 ➔ Section 8. KRS 243.117 is amended to read as follows:

23 If a patron removes a resealed bottle of wine from the premises of a restaurant as

24 provided for in KRS 243.115, any resealed bottle of wine that is transported in a motor

25 vehicle shall be placed in a locked glove compartment or the trunk or other area that is

26 not a passenger area under KRS 189.530~~[(5)]~~.

27 ➔ Section 9. KRS 243.033 is amended to read as follows:

- 1 (1) A caterer's license may be issued as a supplementary license to a caterer that holds a
2 quota retail package license, a quota retail drink license, an NQ1 license, an NQ2
3 license, or a limited restaurant license.
- 4 (2) The caterer's license may be issued as a primary license to a caterer in any wet
5 territory or in any moist territory under KRS 242.1244 for the premises that serves
6 as the caterer's commissary and designated banquet hall. No primary caterer's
7 license shall authorize alcoholic beverage sales at a premises that operates as a
8 restaurant. The alcoholic beverage stock of the caterer shall be kept under lock and
9 key at the licensed premises during the time that the alcoholic beverages are not
10 being used in conjunction with a catered function.
- 11 (3) The caterer's license shall authorize the caterer to:
- 12 (a) Purchase and store alcoholic beverages in the manner prescribed in KRS
13 243.088, 243.250, and 244.260;
- 14 (b) Transport, sell, serve, and deliver alcoholic beverages by the drink at locations
15 away from the licensed premises or at the caterer's designated banquet hall in
16 conjunction with the catering of food and alcoholic beverages for a customer
17 and the customer's guests, in:
- 18 1. Cities and counties established as moist territory under KRS 242.1244 if
19 the receipts from the catering of food at any catered event are at least
20 seventy percent (70%) of the gross receipts from the catering of both
21 food and alcoholic beverages;
- 22 2. Precincts established as moist territory if the receipts from the catering
23 of food at any catered event are at least ten percent (10%) of the gross
24 receipts from the catering of both food and alcoholic beverages. This
25 subparagraph shall supersede any conflicting provisions of KRS
26 Chapters 241 to 244;
- 27 3. Wet cities and counties in which quota retail drink licenses are not

- 1 available if the receipts from the catering of food at any catered event
 2 are at least fifty percent (50%) of the gross receipts from the catering of
 3 both food and alcoholic beverages; or
- 4 4. All other wet territory if the receipts from the catering of food at any
 5 catered event are at least thirty-five percent (35%) of the gross receipts
 6 from the catering of both food and alcoholic beverages;
- 7 (c) Receive and fill telephone orders for alcoholic beverages in conjunction with
 8 the ordering of food for a catered event; and
- 9 (d) Receive payment for alcoholic beverages served at a catered event on a by-
 10 the-drink, cash bar, or by-the-event basis. The caterer may bill the customer
 11 for by-the-function sales of alcoholic beverages in the usual course of the
 12 caterer's business.
- 13 (4) A caterer licensee shall not cater alcoholic beverages at locations for which retail
 14 alcoholic beverage licenses or special temporary licenses have been issued. A
 15 caterer licensee may cater a charitable or nonprofit fundraising event for which a
 16 special temporary alcoholic beverage auction license has been issued under KRS
 17 243.036.
- 18 (5) A caterer licensee shall not cater alcoholic beverages on Sunday except in territory
 19 in which the Sunday sale of alcoholic beverages is permitted under the provisions
 20 of KRS 244.290 and 244.480.
- 21 (6) The location at which alcoholic beverages are sold, served, and delivered by a
 22 caterer, pursuant to this section, shall not constitute a public place for the purpose of
 23 KRS Chapter 222. If the location is a multi-unit structure, only the unit or units at
 24 which the function being catered is held shall be excluded from the public place
 25 provisions of KRS Chapter 222.
- 26 (7) The caterer licensee shall post a copy of the licensee's caterer's license at the
 27 location of the function for which alcoholic beverages are catered.

1 (8) All restrictions and prohibitions applying to a quota retail drink licensee and an
 2 NQ4 retail malt beverage drink licensee not inconsistent with this section shall
 3 apply to the caterer licensee.

4 (9) The caterer licensee shall maintain records as set forth in KRS 244.150 and in
 5 administrative regulations promulgated by the board.

6 (10) Notwithstanding subsection (3)(b) of this section, a caterer may serve alcoholic
 7 beverages to guests who are twenty-one (21) years of age or older at a private event
 8 in dry territory if:

9 (a) The alcoholic beverages were lawfully purchased in a wet or moist territory:

10 1. By an individual; or

11 2. At the caterer's licensed premises in wet or moist territory; and

12 (b) The alcoholic beverages are not sold in dry territory to guests at the private
 13 residence or private event regardless of whether the venue is a public place.

14 **(11) A nonquota retail cannabis-infused beverage supplemental license may be issued**
 15 **by the department to a caterer licensee in accordance with subsection (2) of**
 16 **Section 2 of this Act.**

17 → Section 10. KRS 243.034 is amended to read as follows:

18 (1) A limited restaurant license may be issued to an establishment meeting the
 19 definition criteria established in KRS 241.010(39) as long as the establishment is
 20 within:

21 (a) Any wet territory; or

22 (b) Any moist precinct that has authorized the sale of alcoholic beverages under
 23 KRS 242.1244.

24 (2) A limited restaurant license shall authorize the licensee to purchase, receive,
 25 possess, and sell alcoholic beverages at retail by the drink for consumption on the
 26 licensed premises or off-premises consumption pursuant to KRS 243.081. The
 27 licensee shall purchase alcoholic beverages only from licensed wholesalers or

1 distributors, except for purchases made pursuant to subsection (5) of this section.
 2 The license shall not authorize the licensee to sell alcoholic beverages by the
 3 package.

4 (3) The holder of a limited restaurant license shall maintain at least seventy percent
 5 (70%) of its gross receipts from the sale of food and maintain the minimum
 6 applicable seating requirement required for the type of limited restaurant license.

7 (4) A limited restaurant as defined by KRS 241.010(39)(a) shall:

8 (a) Only sell alcoholic beverages incidental to the sale of a meal; and

9 (b) Not have an open bar and shall not sell alcoholic beverages to any person who
 10 has not purchased or does not purchase a meal.

11 (5) (a) The holder of a limited restaurant license may purchase alcoholic beverages
 12 by the package from licensees authorized to sell distilled spirits, wine, and
 13 malt beverages at retail, but only if those alcoholic beverages have first gone
 14 through the three (3) tier system.

15 (b) Any purchase made pursuant to this subsection shall:

16 1. Only be sold by the drink for consumption on the licensed premises or
 17 off-premises consumption pursuant to KRS 243.081;

18 2. Be reported quarterly on a form prescribed by the department; and

19 3. Include a copy of each receipt of purchase.

20 (c) The holder of a limited restaurant license shall not purchase at retail more
 21 than:

22 1. Nine (9) liters of distilled spirits per month;

23 2. Nine (9) liters of wine per month; and

24 3. Three (3) cases of malt beverages per month.

25 **(6) A nonquota retail cannabis-infused beverage license may be issued by the**
 26 **department as a supplementary license to an individual or entity that holds a**
 27 **caterer's license in accordance with subsection (2) of Section 2 of this Act.**

1 → Section 11. KRS 243.039 is amended to read as follows:

- 2 (1) A limited golf course license may be issued to an establishment that is a nine (9) or
 3 an eighteen (18) hole golf course that meets United States Golf Association criteria
 4 as a regulation golf course as long as the establishment is within:
- 5 (a) Any wet territory; or
 6 (b) Any moist precinct that has specifically authorized the sale of distilled spirits,
 7 wine, and malt beverages at that establishment under KRS 242.123.
- 8 (2) A limited golf course license shall authorize the licensee to purchase, receive,
 9 possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for
 10 consumption on the licensed premises. The licensee shall purchase distilled spirits,
 11 wine, and malt beverages only from licensed wholesalers or distributors. The
 12 license shall not authorize the licensee to sell distilled spirits, wine, and malt
 13 beverages by the package.
- 14 **(3) A nonquota retail cannabis-infused beverage package license may be issued by**
 15 **the department as a supplementary license to the holder of a limited golf course**
 16 **license in accordance with subsection (2) of Section 2 of this Act.**

17 → Section 12. KRS 243.042 is amended to read as follows:

- 18 (1) A qualified historic site license may be issued to any establishment meeting the
 19 criteria established in KRS 241.010 as long as the establishment is within:
- 20 (a) Any wet territory; or
 21 (b) Any precinct that has authorized the sale of alcoholic beverages under KRS
 22 242.1242.
- 23 (2) A qualified historic site license shall authorize the licensee to:
- 24 (a) Sell alcoholic beverages by the drink at one (1) or more permanent or
 25 nonpermanent locations on the premises over which the licensee, by lease or
 26 ownership, has exclusive control without obtaining additional supplemental
 27 bar licenses prescribed by KRS 243.037;

- 1 (b) Sell alcoholic beverages by the drink to patrons at public or private functions
 2 held on the premises; and
- 3 (c) Purchase and store alcoholic beverages in the manner prescribed in KRS
 4 243.088, 243.250, and 244.260.

5 **(3) A nonquota retail cannabis-infused beverage license may be issued by the**
 6 **department as a supplemental license to an individual or entity that holds a**
 7 **qualified historic site license in accordance with subsection (2) of Section 2 of**
 8 **this Act.**

9 ➔ Section 13. KRS 243.082 is amended to read as follows:

- 10 (1) A "Nonquota type 1" or "NQ1" retail drink license may be issued to an applicant
 11 operating as, or in:
- 12 (a) A convention center or a convention hotel complex;
- 13 (b) A horse racetrack;
- 14 (c) An automobile racetrack;
- 15 (d) A railroad system;
- 16 (e) A commercial airlines system or charter flight system; or
- 17 (f) A state park.
- 18 (2) Any licensee holding an NQ1 retail drink license located in a qualifying convention
 19 center or a convention hotel complex, horse racetrack, an automobile racetrack, or
 20 state park may purchase, receive, possess, and sell alcoholic beverages at retail by
 21 the drink for consumption on the licensed premises. The license shall permit all
 22 alcoholic beverage sales on the premises without additional supplemental licenses.
 23 The licensee shall purchase alcoholic beverages only from licensed wholesalers or
 24 distributors. The holder of an NQ1 retail drink license under this section shall store
 25 alcoholic beverages in the manner prescribed in KRS 244.260.
- 26 (3) A qualifying convention center or a convention hotel complex holding an NQ1
 27 retail drink license may also hold a supplemental hotel in-room service license.

- 1 (4) A qualifying railroad system holding an NQ1 retail drink license may purchase,
 2 receive, possess, and sell alcoholic beverages at retail by the drink or by the
 3 package, upon any train that includes a dining car and is operated by the licensee in
 4 the state. Sales shall be made only while the train is in motion. A railroad system
 5 holding an NQ1 retail drink license may sell alcoholic beverages in unbroken
 6 packages smaller than two hundred (200) milliliters of distilled spirits and one
 7 hundred (100) milliliters of wine and may purchase alcoholic beverages from
 8 nonresidents.
- 9 (5) A qualifying commercial airlines system or charter flight system holding an NQ1
 10 retail drink license may purchase, receive, possess, and sell alcoholic beverages at
 11 retail by the drink, and by miniature bottle, for consumption upon regularly
 12 scheduled or charter flights of the licensee, in and out of Kentucky. The license
 13 shall authorize the licensee to store alcoholic beverages for retail sale at a location
 14 or locations, if operating from more than one (1) airport in Kentucky, as designated
 15 on the license application.
- 16 (6) An NQ1 retail drink license may be issued to any qualifying applicant within a state
 17 park meeting the criteria established in KRS 241.010 so long as the state park is
 18 located, in whole or in part, within:
- 19 (a) Any wet territory; or
 20 (b) Any precinct that has authorized the sale of alcoholic beverages under KRS
 21 242.022.
- 22 **(7) A nonquota retail cannabis-infused beverage license may be issued by the**
 23 **department as a supplemental license to an individual or entity that holds an NQ1**
 24 **retail drink license in accordance with subsection (2) of Section 2 of this Act.**
- 25 ➔ Section 14. KRS 243.084 is amended to read as follows:
- 26 (1) A "Nonquota type 2" or "NQ2" retail drink license may be issued to an applicant
 27 operating as, or in:

- 1 (a) A hotel that:
- 2 1. Contains at least fifty (50) sleeping units; and
- 3 2. Receives from its total food and alcoholic beverage sales at least fifty
- 4 percent (50%) of its gross receipts from the sale of food;
- 5 (b) A restaurant;
- 6 (c) An airport;
- 7 (d) A riverboat;
- 8 (e) A distiller; or
- 9 (f) A business located within, or adjacent to, an entertainment destination center
- 10 licensed premises.
- 11 (2) A holder of an NQ2 retail drink license may purchase, receive, possess, and sell
- 12 alcoholic beverages at retail by the drink for consumption on the licensed premises
- 13 or off-premises consumption pursuant to KRS 243.081. The licensee shall purchase
- 14 alcoholic beverages only from licensed wholesalers or distributors, except for
- 15 purchases made by restaurants pursuant to subsection (4) of this section. A distiller
- 16 may purchase its own products for retail drink sales under KRS 243.0305. The
- 17 holder of an NQ2 retail drink license shall store alcoholic beverages in the manner
- 18 prescribed in KRS 244.260.
- 19 (3) (a) To qualify for an NQ2 license, a riverboat shall have a regular or alternative
- 20 place of mooring in a wet county or city of this state.
- 21 (b) If a riverboat moors or makes landfall in a location other than its regular or
- 22 alternate regular place of mooring, all alcoholic beverages shall be kept
- 23 locked.
- 24 (c) A riverboat licensed under this subsection shall not take on or discharge
- 25 passengers when mooring or making landfall in dry option territory.
- 26 (4) (a) A holder of an NQ2 retail drink license operating as a restaurant may
- 27 purchase alcoholic beverages by the package from licensees authorized to sell

1 distilled spirits, wine, and malt beverages at retail, but only if those alcoholic
2 beverages have first gone through the three (3) tier system.

3 (b) Any purchase made pursuant to this subsection shall:

- 4 1. Only be sold by the drink for consumption on the licensed premises or
5 off-premises consumption pursuant to KRS 243.081;
- 6 2. Be reported quarterly on a form prescribed by the department; and
- 7 3. Include a copy of each receipt of purchase.

8 (c) A holder of an NQ2 retail drink license shall not purchase at retail more than:

- 9 1. Nine (9) liters of distilled spirits per month;
- 10 2. Nine (9) liters of wine per month; and
- 11 3. Three (3) cases of malt beverages per month.

12 **(5) A nonquota retail cannabis-infused beverage license may be issued by the**
13 **department as a supplemental license to an individual or entity that holds an NQ2**
14 **retail drink license in accordance with subsection (2) of Section 2 of this Act.**

15 ➔ Section 15. KRS 243.086 is amended to read as follows:

16 (1) A "Nonquota type 3" or "NQ3" retail drink license may be issued to an applicant
17 operating as, or in:

- 18 (a) A private club;
- 19 (b) A dining car; or
- 20 (c) A bed and breakfast.

21 (2) The holder of an NQ3 retail drink license may purchase, receive, possess, and sell
22 alcoholic beverages at retail by the drink for consumption on the licensed premises.
23 The licensee shall purchase alcoholic beverages only from licensed wholesalers or
24 distributors. The holder of an NQ3 retail drink license shall store alcoholic
25 beverages in the manner prescribed in KRS 244.260.

26 (3) A qualifying private club holding an NQ3 retail drink license shall exclude the
27 general public from the licensed premises.

1 (4) A qualifying bed and breakfast holding an NQ3 retail drink license shall only sell
2 alcoholic beverages by the drink to paid overnight guests of the licensee.

3 **(5) A nonquota retail cannabis-infused beverage license may be issued by the**
4 **department as a supplemental license to an individual or entity that holds an NQ3**
5 **retail drink license in accordance with subsection (2) of Section 2 of this Act.**

6 → Section 16. KRS 243.088 is amended to read as follows:

7 (1) A "Nonquota type 4" or "NQ4" retail malt beverage drink license may be issued to
8 the holder of a quota retail drink license, microbrewery license, small farm winery
9 license, or any other business wishing to sell malt beverages by the drink for
10 consumption on the premises only.

11 (2) An NQ4 retail malt beverage drink license shall authorize the licensee to:

12 (a) Sell malt beverages at retail by the drink from only the licensed premises for
13 consumption at the licensed premises only; and

14 (b) Purchase malt beverages only from a distributor, except for purchases made
15 pursuant to subsection (5) of this section.

16 (3) The holder of an NQ4 retail malt beverage drink license may also hold a nonquota
17 retail malt beverage package license.

18 (4) A nonquota retail malt beverage drink license shall not be issued to any premises
19 from which gasoline and lubricating oil are sold or from which the servicing and
20 repair of motor vehicles is conducted, unless there is maintained in inventory on the
21 premises for sale at retail not less than five thousand dollars (\$5,000) of food,
22 groceries, and related products valued at cost. For purposes of this subsection, the
23 term "food and groceries" has the meaning provided in KRS 243.280. This section
24 shall not apply to any licensed premises that sells no fuel other than marine fuel.

25 (5) (a) The holder of an NQ4 retail malt beverage drink license may purchase malt
26 beverages by the package from licensees authorized to sell malt beverages at
27 retail, but only if those malt beverages have first gone through the three (3)

1 tier system.

2 (b) Any purchase made pursuant to this subsection shall:

- 3 1. Only be sold by the drink for consumption on the licensed premises;
- 4 2. Be reported quarterly on a form prescribed by the department; and
- 5 3. Include a copy of each receipt of purchase.

6 (c) The holder of an NQ4 retail malt beverage drink license shall not purchase at
7 retail more than three (3) cases of malt beverages per month.

8 **(6) A nonquota retail cannabis-infused beverage license may be issued by the**
9 **department as a supplemental license to an individual or entity that holds an NQ4**
10 **retail drink license in accordance with subsection (2) of Section 2 of this Act.**

11 → Section 17. KRS 243.110 is amended to read as follows:

12 (1) Except as provided in subsection (3) of this section, each kind of license listed in
13 KRS 243.030 shall be incompatible with every other kind listed in that section and
14 no person or entity holding a license of any of those kinds shall apply for or hold a
15 license of another kind listed in KRS 243.030.

16 (2) (a) Each kind of license listed in KRS 243.040(1), (3), or (4) shall be
17 incompatible with every other kind listed in KRS 243.040(1), (3), or (4), and
18 no person holding a license of any of those kinds shall apply for or hold a
19 license of any other kind listed in KRS 243.040(1), (3), or (4).

20 (b) A brewery holding a license listed in KRS 243.040(5) or (8) shall not apply
21 for or hold a license listed in KRS 243.040(3) or (4).

22 (3) (a) The holder of a quota retail package license may also hold a quota retail drink
23 license, an NQ1 retail drink license, an NQ2 retail drink license, an NQ3 retail
24 drink license, a cannabis-infused beverage retail package license, or a special
25 nonbeverage alcohol license.

26 (b) The holder of a transporter's license may also hold a distilled spirits and wine
27 storage license.

- 1 (c) The holder of a distiller's license may also hold a rectifier's license, a special
2 nonbeverage alcohol license, a winery license, or a small farm winery license.
- 3 (d) A commercial airline system or charter flight system retail license, a
4 commercial airline system or charter flight system transporter's license, and a
5 retail drink license if held by a commercial airline or charter flight system
6 may be held by the same licensee.
- 7 (e) A Sunday retail drink license, vintage distilled spirits license, and
8 supplemental license may be held by the holder of a primary license.
- 9 (f) The holder of a distiller's, winery, small farm winery, brewer, microbrewery,
10 distilled spirits and wine supplier's, or malt beverage supplier's license may
11 also hold a direct shipper license.
- 12 (g) The holder of an NQ1 retail drink license, an NQ2 retail drink license, an
13 NQ3 retail drink license, a quota retail drink license, or a limited restaurant
14 license may also hold a limited nonquota package license.
- 15 **(h) The holder of a special temporary license, a special Sunday retail drink**
16 **license, a caterer's license, an entertainment destination center license, a**
17 **limited restaurant license, a limited golf course license, a quota retail drink**
18 **license, or a qualified historic site license may also hold a nonquota retail**
19 **cannabis-infused beverage license as a supplemental license.**
- 20 (4) (a) The holder of a cannabis-infused beverage retail package license shall not
21 apply for or hold the license listed in KRS 243.030(5) or 243.040(3).
- 22 (b) ~~[(The holder of a cannabis-infused beverage retail package license shall also~~
23 ~~hold a quota retail package license.]~~
- 24 (c) ~~[(The holder of a cannabis-infused beverage distributor's license may hold it as~~
25 ~~a primary license or as a supplemental license to a distributor's license or a~~
26 ~~wholesaler's license.)]~~
- 27 (5) Any person may hold two (2) or more licenses of the same kind.

1 (6) A person or entity shall not evade the prohibition against applying for or holding
 2 licenses of two (2) kinds by applying for a second license through or under the
 3 name of a different person or entity. The state administrator shall examine the
 4 ownership, membership, and management of applicants, and shall deny the
 5 application for a license if the applicant is substantially interested in a person or
 6 entity that holds an incompatible license.

7 → Section 18. KRS 243.250 is amended to read as follows:

8 (1) A quota retail drink license shall authorize the licensee to purchase, receive,
 9 possess, and sell distilled spirits and wine at retail by the drink for consumption on
 10 the licensed premises, or off-premises consumption pursuant to KRS 243.081. The
 11 licensee shall purchase distilled spirits and wine only from licensed wholesalers,
 12 except for purchases made pursuant to subsection (2) of this section.

13 (2) (a) The holder of a quota retail drink license may purchase distilled spirits and
 14 wine by the package from licensees authorized to sell distilled spirits and wine
 15 at retail, but only if those distilled spirits and wine have first gone through the
 16 three (3) tier system.

17 (b) Any purchase made pursuant to this subsection shall:

- 18 1. Only be sold by the drink for consumption on the licensed premises or
- 19 off-premises consumption pursuant to KRS 243.081;
- 20 2. Be reported quarterly on a form prescribed by the department; and
- 21 3. Include a copy of each receipt of purchase.

22 (c) The holder of a quota retail drink license shall not purchase at retail more
 23 than:

- 24 1. Nine (9) liters of distilled spirits per month; and
- 25 2. Nine (9) liters of wine per month.

26 **(3) A nonquota retail cannabis-infused beverage license may be issued by the**
 27 **department as a supplemental license to an individual or entity that holds a quota**

1 **retail drink license in accordance with subsection (2) of Section 2 of this Act.**

2 ➔Section 19. KRS 243.260 is amended to read as follows:

3 (1) A special temporary license may be issued in wet territory to any regularly
4 organized fair, exposition, racing association, farmers market, or other party, when
5 in the opinion of the board a necessity for the license exists. Unless inconsistent
6 with this section, a special temporary licensee shall have the same privileges and
7 restrictions of a quota retail drink licensee and an NQ4 retail malt beverage drink
8 licensee at the designated premises, not to exceed thirty (30) days.

9 (2) A nonprofit organization holding an NQ4 retail malt beverage drink license may be
10 issued a special temporary license to sell distilled spirits and wine by the drink on
11 the licensed premises for a specified and limited time, not to exceed ten (10) days.
12 The temporary license may be issued in conjunction with any public or private
13 event, including but not limited to weddings, receptions, reunions, or similar
14 occasions.

15 (3) The holder of a special temporary license may sell, serve, and deliver alcoholic
16 beverages by the drink, for consumption only at the designated premises and the
17 date and times for the qualifying event.

18 (4) A special temporary license shall not be issued for an event held in dry or moist
19 territory.

20 **(5) A nonquota retail cannabis-infused beverage drink license may be issued by the**
21 **department as a supplemental license to the holder of a special temporary license**
22 **in accordance with subsection (2) of Section 2 of this Act.**

23 ➔Section 20. Whereas it is crucial to maintain a well-informed public to protect it
24 from potentially unsafe consumer products, an emergency is declared to exist, and this
25 Act takes effect upon its passage and approval by the Governor or upon its otherwise
26 becoming a law.