

CHAPTER 20**(HB 475)**

AN ACT relating to local option elections.

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

➔Section 1. KRS 241.010 is amended to read as follows:

As used in this chapter and in KRS Chapters 242 and 243, unless the context requires otherwise:

- (1) "Alcohol" means ethyl alcohol, hydrated oxide of ethyl or spirit of wine, from whatever source or by whatever process it is produced;
- (2) "Alcoholic beverage" means every liquid or solid, whether patented or not, containing alcohol in an amount in excess of more than one percent (1%) of alcohol by volume, which is fit for beverage purposes. It includes every spurious or imitation liquor sold as, or under any name commonly used for, alcoholic beverages, whether containing any alcohol or not. It does not include the following products:
 - (a) Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopoeia, National Formulary, or the American Institute of Homeopathy;
 - (b) Patented, patent, and proprietary medicines;
 - (c) Toilet, medicinal, and antiseptic preparations and solutions;
 - (d) Flavoring extracts and syrups;
 - (e) Denatured alcohol or denatured rum;
 - (f) Vinegar and preserved sweet cider;
 - (g) Wine for sacramental purposes; and
 - (h) Alcohol unfit for beverage purposes that is to be sold for legitimate external use;
- (3)
 - (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine, or process that mixes liquor, spirits, or any other alcohol product with pure oxygen or by any other means produces a vaporized alcoholic product used for human consumption;
 - (b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler, nebulizer, atomizer, or other device that is designed and intended by the manufacturer to dispense a prescribed or over-the-counter medication or a device installed and used by a licensee under this chapter to demonstrate the aroma of an alcoholic beverage;
- (4) "Automobile race track" means a facility primarily used for vehicle racing that has a seating capacity of at least thirty thousand (30,000) people;
- (5) "Board" means the State Alcoholic Beverage Control Board created by KRS 241.030;
- (6) "Bottle" means any container which is used for holding alcoholic beverages for the use and sale of alcoholic beverages at retail;
- (7) "Brewer" means any person who manufactures malt beverages or owns, occupies, carries on, works, or conducts any brewery, either alone or through an agent;
- (8) "Brewery" means any place or premises where malt beverages are manufactured for sale, and includes all offices, granaries, mash rooms, cooling rooms, vaults, yards, and storerooms connected with the premises; or where any part of the process of the manufacture of malt beverages is carried on; or where any apparatus connected with manufacture is kept or used; or where any of the products of brewing or fermentation are stored or kept;
- (9) "Building containing licensed premises" means the licensed premises themselves and includes the land, tract of land, or parking lot in which the premises are contained, and any part of any building connected by direct access or by an entrance which is under the ownership or control of the licensee by lease holdings or ownership;

- (10) "Caterer" means a corporation, partnership, or individual that operates the business of a food service professional by preparing food in a licensed and inspected commissary, transporting the food and alcoholic beverages to the caterer's designated and inspected banquet hall or to a location selected by the customer, and serving the food and alcoholic beverages to the customer's guests;
- (11) "Charitable organization" means a nonprofit entity recognized as exempt from federal taxation under section 501(c) of the Internal Revenue Code (26 U.S.C. sec. 501(c)) or any organization having been established and continuously operating within the Commonwealth of Kentucky for charitable purposes for three (3) years and which expends at least sixty percent (60%) of its gross revenue exclusively for religious, educational, literary, civic, fraternal, or patriotic purposes;
- (12) "Cider" means any fermented fruit-based beverage containing more than one-tenth of one percent (0.1%) alcohol by volume and includes hard cider and perry cider;
- (13) "City administrator" means city alcoholic beverage control administrator;
- (14) "Commissioner" means the commissioner of the Department of Alcoholic Beverage Control;
- (15) "Convention center" means any facility which, in its usual and customary business, provides seating for a minimum of one thousand (1,000) people and offers convention facilities and related services for seminars, training and educational purposes, trade association meetings, conventions, or civic and community events or for plays, theatrical productions, or cultural exhibitions;
- (16) "Convicted" and "conviction" means a finding of guilt resulting from a plea of guilty, the decision of a court, or the finding of a jury, irrespective of a pronouncement of judgment or the suspension of the judgment;
- (17) "County administrator" means county alcoholic beverage control administrator;
- (18) "Department" means the Department of Alcoholic Beverage Control;
- (19) "Dining car" means a railroad passenger car that serves meals to consumers on any railroad or Pullman car company;
- (20) "Distilled spirits" or "spirits" means any product capable of being consumed by a human being which contains alcohol in excess of the amount permitted by KRS Chapter 242 obtained by distilling, mixed with water or other substances in solution, except wine, hard cider, and malt beverages;
- (21) "Distiller" means any person who is engaged in the business of manufacturing distilled spirits at any distillery in the state and is registered in the Office of the Collector of Internal Revenue for the United States at Louisville, Kentucky;
- (22) "Distillery" means any place or premises where distilled spirits are manufactured for sale, and which are registered in the office of any collector of internal revenue for the United States. It includes any United States government bonded warehouse;
- (23) "Distributor" means any person who distributes malt beverages for the purpose of being sold at retail;
- (24) "Dry" means a territory in which a majority of the electorate voted to prohibit all forms of retail alcohol sales by a KRS 242.050, KRS 242.125, or other local option election;
- (25) "Election" means:
 - (a) An election held for the purpose of taking the sense of the people as to the application or discontinuance of alcoholic beverage sales under KRS Chapter 242; or
 - (b) Any other election not pertaining to alcohol;
- (26) "Field representative" means any employee or agent of the department who is regularly employed and whose primary function is to travel from place to place for the purpose of visiting taxpayers, and any employee or agent of the department who is assigned, temporarily or permanently, by the commissioner to duty outside the main office of the department at Frankfort, in connection with the administration of alcoholic beverage statutes;
- (27) "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;
- (28) "Hotel" means a hotel, motel, or inn for accommodation of the traveling public, designed primarily to serve transient patrons;
- (29) "License" means any license issued pursuant to KRS Chapters 241 to 244;

- (30) "Licensee" means any person to whom a license has been issued, pursuant to KRS Chapters 241 to 244;
- (31) "Limited restaurant" means:
- (a) A facility where the usual and customary business is the serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its gross income from the sale of food, which maintains a minimum seating capacity of one hundred (100) persons for dining, and which is located in a wet or moist territory under KRS 242.1244(2); or
 - (b) A facility where the usual and customary business is the serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its gross income from the sale of food, which maintains a minimum seating capacity of fifty (50) persons for dining, which has no open bar, which requires that alcoholic beverages be sold in conjunction with the sale of a meal, and which is located in a wet or moist territory under KRS 242.1244;
- (32) "Malt beverage" means any fermented undistilled alcoholic beverage of any name or description, manufactured from malt wholly or in part, or from any substitute for malt;
- (33) "Manufacture" means distill, rectify, brew, bottle, and operate a winery;
- (34) "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person engaged in the production or bottling of alcoholic beverages;
- (35) "Minor" means any person who is not twenty-one (21) years of age or older;
- (36) "Moist" means a territory in which a majority of the electorate voted to permit limited alcohol sales by any one (1) or a combination of special limited local option elections authorized by KRS 242.123, 242.1238, 242.124, 242.1242, 242.1244, **Section 2 of this Act**, or 242.1292;
- (37) "Premises" means the land and building in and upon which any business regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall not include as a single unit two (2) or more separate businesses of one (1) owner on the same lot or tract of land, in the same or in different buildings if physical and permanent separation of the premises is maintained, excluding employee access by keyed entry and emergency exits equipped with crash bars, and each has a separate public entrance accessible directly from the sidewalk or parking lot. Any licensee holding an alcoholic beverage license on July 15, 1998 shall not, by reason of this subsection, be ineligible to continue to hold his or her license or obtain a renewal, of the license;
- (38) "Private club" means a nonprofit social, fraternal, military, or political organization, club, or entity maintaining or operating a club room, club rooms, or premises from which the general public is excluded;
- (39) "Public nuisance" means a condition that endangers safety or health, is offensive to the senses, or obstructs the free use of property so as to interfere with the comfortable enjoyment of life or property by a community or neighborhood or by any considerable number of persons;
- (40) "Qualified historic site" means a contributing property with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served within a commercial district listed in the National Register of Historic Places, or a site that is listed as a National Historic Landmark or in the National Register of Historic Places with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served. Notwithstanding the provisions of this subsection:
- (a) A distillery which is listed as a National Historic Landmark and which conducts souvenir retail package sales under KRS 243.0305; and
 - (b) A not-for-profit or nonprofit facility listed on the National Register of Historic Places;
- shall be deemed a "qualified historic site" under this section;
- (41) "Rectifier" means any person who rectifies, purifies, or refines distilled spirits or wine by any process other than as provided for on distillery premises, and every person who, without rectifying, purifying, or refining distilled spirits by mixing alcoholic beverages with any materials, manufactures any imitations of or compounds liquors for sale under the name of whiskey, brandy, gin, rum, wine, spirits, cordials, bitters, or any other name;
- (42) "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;

- (43) "Restaurant" means a facility where the usual and customary business is the serving of meals to consumers, that has a bona fide kitchen facility, and that receives at least fifty percent (50%) of its food and beverage receipts from the sale of food;
- (44) "Retail container" means any bottle, can, barrel, or other container which, without a separable intermediate container, holds alcoholic beverages and is suitable and destined for sale to a retail outlet, whether it is suitable for delivery to the consumer or not;
- (45) "Retail outlet" means retailer, hotel, motel, restaurant, railroad dining car, club, and any facility where alcoholic beverages are sold directly to the consumers;
- (46) "Retail sale" means any sale where delivery is made in Kentucky to any consumers;
- (47) "Retailer" means any person who sells at retail any alcoholic beverage for the sale of which a license is required;
- (48) "Riverboat" means any boat or vessel with a regular place of mooring in this state that is licensed by the United States Coast Guard to carry one hundred (100) or more passengers for hire on navigable waters in or adjacent to this state;
- (49) "Sale" means any transfer, exchange, or barter for consideration, and includes all sales made by any person, whether principal, proprietor, agent, servant, or employee, of any alcoholic beverage;
- (50) "Service bar" means a bar, counter, shelving, or similar structure used for storing or stocking supplies of alcoholic beverages that is a workstation where employees prepare alcoholic beverage drinks to be delivered to customers away from the service bar. A service bar shall be located in an area where the general public, guests, or patrons are prohibited;
- (51) "Sell" includes solicit or receive an order for, keep or expose for sale, keep with intent to sell, and the delivery of any alcoholic beverage;
- (52) "Small farm winery" means a winery producing wines, in an amount not to exceed fifty thousand (50,000) gallons in a calendar year;
- (53) "Souvenir package" means a special package of Kentucky straight bourbon whiskey available for retail sale at a licensed Kentucky distillery where the whiskey was produced or bottled that is available from a licensed retailer;
- (54) "State director" means the director of the Division of Distilled Spirits or the director of the Division of Malt Beverages, or both, as the context requires;
- (55) *"State park" means a state park that has a:*
- (a) *Nine (9) or eighteen (18) hole golf course; or*
 - (b) *Full-service lodge and dining room, and may include a nine (9) or eighteen (18) hole golf course;*
- (56) "Supplemental bar" means a bar, counter, shelving, or similar structure used for serving and selling distilled spirits or wine by the drink for consumption on the licensed premises to guests and patrons from additional locations other than the main bar. A supplemental bar shall be continuously constructed and accessible to patrons for distilled spirits or wine sales or service without physical separation by walls, doors, or similar structures;
- ~~(57)(56)~~ "Territory" means a county, city, district, or precinct;
- ~~(58)(57)~~ "Vehicle" means any device or animal used to carry, convey, transport, or otherwise move alcoholic beverages or any products, equipment, or appurtenances used to manufacture, bottle, or sell these beverages;
- ~~(59)(58)~~ "Warehouse" means any place in which alcoholic beverages are housed or stored;
- ~~(60)(59)~~ "Wet" means a territory in which a majority of the electorate voted to permit all forms of retail alcohol sales by a local option election under KRS 242.050, 242.125, or 242.1292 on the following question: "Are you in favor of the sale of alcoholic beverages in (name of territory)?";
- ~~(61)(60)~~ "Wholesale sale" means a sale to any person for the purpose of resale;
- ~~(62)(61)~~ "Wholesaler" means any person who distributes alcoholic beverages for the purpose of being sold at retail, but it shall not include a subsidiary of a manufacturer or cooperative of a retail outlet;

- ~~(63)~~~~(62)~~ "Wine" means the product of the normal alcoholic fermentation of the juices of fruits, with the usual processes of manufacture and normal additions, and includes champagne and sparkling and fortified wine of an alcoholic content not to exceed twenty-four percent (24%) by volume. It includes cider, hard cider, and perry cider and also includes preparations or mixtures vended in retail containers if these preparations or mixtures contain not more than fifteen percent (15%) of alcohol by volume. It includes ciders, perry, or sake; and
- ~~(64)~~~~(63)~~ "Winery" means any place or premises in which wine is manufactured from any fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials are compounded, except a place or premises that manufactures wine for sacramental purposes exclusively.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO READ AS FOLLOWS:

- (1) (a) *To promote economic development and tourism in any dry or moist county or city in which a state park is located, a local option election for the limited sales of alcoholic beverages by the drink may be held in a city or county precinct where the state park's qualifying lodge or golf course is located, notwithstanding any other provision of the Kentucky Revised Statutes.*
- (b) *A petition seeking a local option election under this section shall state "We the undersigned registered voters hereby petition for an election under this section on the following question: 'Are you in favor of the sale of alcoholic beverages by the drink at the state park located in (name of precinct)?'".*
- (2) *A local option election for the limited sale of alcoholic beverages by the drink held under subsection (1) of this section shall be conducted in the same manner as specified in KRS 242.020; 242.030(1), (2), and (5); 242.040; and 242.060 to 242.120. The form of the proposition to be voted upon shall be "Are you in favor of the sale of alcoholic beverages by the drink at the state park located in the (name of precinct)?".*
- (3) *When a majority of the votes cast at an election held under subsections (1) and (2) of this section are in favor of establishing moist territory, the entire state park shall become moist in the manner specified in KRS 242.200.*

➔Section 3. KRS 243.082 is amended to read as follows:

- (1) A "Nonquota type 1" or "NQ1" retail drink license may be issued to *an applicant operating as, or in:*
- (a) A convention center or a convention hotel complex;
- (b) A horse racetrack;
- (c) An automobile racetrack;
- (d) A railroad system;~~[-or]~~
- (e) A commercial airlines system or charter flight system; *or*
- (f) *A state park.*
- (2) (a) The department may issue an NQ1 retail drink license to a railroad company operating a railroad system in the state upon the payment of the required fee. This license tax shall be in lieu of all license and excise taxes which would otherwise be due by the holder in connection with the retailing of distilled spirits, wine, and malt beverages.
- (b) Notwithstanding KRS Chapter 242, an NQ1 retail drink issued to a railroad system shall authorize the holder to sell distilled spirits, wine, and malt beverages at retail by the drink or by the package upon any train, that includes a dining car, operated by the licensee in the state. Sales shall be made only while the train is in motion. Notwithstanding any other law, holders of such licenses may retail alcoholic beverages in unbroken packages smaller than two hundred (200) milliliters of distilled spirits and one hundred (100) milliliters of wine and may purchase alcoholic beverages from nonresidents.
- (3) (a) The department may issue an NQ1 retail drink license to a commercial airlines system or charter flight system upon the payment of the required fee. This license fee shall be in lieu of all license and excise taxes which would otherwise be due by the holder in connection with the retailing of distilled spirits, wine, or malt beverages, and the license may be renewed annually.
- (b) An NQ1 retail drink license issued to a commercial airlines system or charter flight system shall authorize the holder to sell distilled spirits and wine by the drink and by miniature bottle, and malt

beverages, upon regularly scheduled or charter flights of the licensee, in and out of Kentucky. The license shall authorize the licensee to store distilled spirits, wine, and malt beverages for retail sale at a location or locations, if operating from more than one (1) airport in Kentucky, as designated on the license application.

- (4) An NQ1 retail drink license issued to a convention center or convention hotel complex shall authorize the retail sale of distilled spirits, wine, and malt beverages for consumption on the premises of the convention center or hotel. The license shall permit all distilled spirits, wine, or malt beverage sales on the premises without additional supplemental licenses, except that a separate hotel in-room service license shall be required, where applicable. An NQ1 retail drink license issued to a convention center or convention hotel complex license shall not be transferable to other premises. This subsection shall not apply to an NQ1 retail drink license issued to or renewed for a convention center, other than those in a city of the first class or a county containing a city of the first class or a consolidated local government, if the original license was issued prior to July 15, 1998.
- (5) An NQ1 retail drink license issued to an automobile racetrack shall authorize the holder to sell distilled spirits, wine, and malt beverages by the drink for consumption on the premises of an automobile racetrack. The license permits all distilled spirits, wine, and malt beverage sales on the premises without additional supplemental licenses.
- (6) An NQ1 retail drink license issued to a horse racetrack shall authorize the holder to sell distilled spirits, wine, and malt beverages by the drink for consumption on the premises of a horse racetrack. The license permits all distilled spirits, wine, or malt beverage sales on the premises without additional supplemental licenses.
- (7) *An NQ1 retail drink license may be issued to any qualifying applicant within a state park meeting the criteria established in KRS 241.010 so long as the state park is located, in whole or in part, within:*
 - (a) *Any wet territory; or*
 - (b) *Any precinct that has authorized the sale of alcoholic beverages under Section 2 of this Act.*
- (8) *Any licensee holding an NQ1 retail drink license located in a qualifying state park may purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the licensed premises. The license shall permit all distilled spirits, wine, or malt beverage sales on the premises without additional supplemental licenses. The licensee shall only purchase distilled spirits, wine, or malt beverages from licensed wholesalers or distributors. The holder of an NQ1 retail drink license under this subsection shall comply with the requirements of KRS 243.250. An NQ1 retail drink license held under this subsection shall not authorize the licensee to sell distilled spirits, wine, or malt beverages by the package.*

➔Section 4. KRS 243.100 is amended to read as follows:

A natural person shall not become a licensee under KRS 243.020 to 243.670 if he or she:

- (1)
 - (a) Has been convicted of any felony until five (5) years have passed from the date of conviction, release from custody or incarceration, parole, or termination of probation, whichever is later;
 - (b) Has been convicted of any misdemeanor described under KRS 218A.050, 218A.060, 218A.070, 218A.080, 218A.090, 218A.100, 218A.110, 218A.120, or 218A.130 in the two (2) years immediately preceding the application;
 - (c) Has been convicted of any misdemeanor directly or indirectly attributable to the use of alcoholic beverages in the two (2) years immediately preceding the application;
 - (d) Is under the age of twenty-one (21) years;
 - (e) Has had any license issued under this statute relating to the regulation of the manufacture, sale, and transportation of alcoholic beverages revoked for cause or has been convicted of a violation of any such statute, until the expiration of two (2) years from the date of the revocation or conviction; or
 - (f) Is not a citizen of the United States and has not had an actual, bona fide residence in this state for at least one (1) year before the date on which his or her application for a license is made. This subsection shall not apply to applicants for manufacturers' licenses, to applicants that are corporations authorized to do business in this state, or to persons licensed on March 7, 1938.
- (2) A partnership, limited partnership, limited liability company, ~~[-or-]~~ corporation, **or governmental agency** shall not be licensed if:

- (a) Each member of the partnership or each of the directors, principal officers, or managers does not qualify under subsection (1)(a), (b), (c), and (d) of this section;
 - (b) It has had any license issued under this statute relating to the regulation of the manufacture, sale, and transportation of alcoholic beverages revoked for cause or has been convicted of a violation of any such statute, until the expiration of two (2) years from the date of the revocation or conviction; or
 - (c) It is a partnership or corporation, if any member of the partnership or any director, manager, or principal officer of the corporation has had any license issued under any statute relating to the regulation of the manufacture, sale, and transportation of alcoholic beverages, revoked for cause or has been convicted of a violation of any such statute, until the expiration of the later of two (2) years from the date of the revocation or two (2) years from the date of conviction.
- (3) The provisions of subsection (1)(a) and (b) shall apply to anyone applying for a new license under this chapter after July 15, 1998, but shall not apply to those who renew a license that was originally issued prior to July 15, 1998, or an application for a supplemental license where the original license was issued prior to July 15, 1998.

Signed by Governor April 2, 2014.