

CHAPTER 22**(SB 83)**

AN ACT relating to alcoholic beverages.

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 *seven percent (7%) or 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) *"Commercial airport" means an airport through which more than five hundred thousand (500,000) passengers arrive or depart annually;*
- (15) "Commissioner" means the commissioner of the Department of Alcoholic Beverage Control;
- ~~(16)~~~~(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;
- ~~(17)~~~~(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;
- ~~(18)~~~~(17)~~ "County administrator" means county alcoholic beverage control administrator;
- ~~(19)~~~~(18)~~ "Department" means the Department of Alcoholic Beverage Control;
- ~~(20)~~~~(19)~~ "Dining car" means a railroad passenger car that serves meals to consumers on any railroad or Pullman car company;
- ~~(21)~~~~(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;
- ~~(22)~~~~(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;
- ~~(23)~~~~(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;
- ~~(24)~~~~(23)~~ "Distributor" means any person who distributes malt beverages for the purpose of being sold at retail;
- ~~(25)~~~~(24)~~ "Dry" means a territory in which a majority of the electorate voted to prohibit all forms of retail alcohol sales *through a* ~~by a KRS 242.050, KRS 242.125, or other~~ local option election *held under KRS Chapter 242;*
- ~~(26)~~~~(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;
- ~~(27)~~~~(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;
- ~~(28)~~~~(27)~~ "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;

- (29)~~(28)~~ "Hotel" means a hotel, motel, or inn for accommodation of the traveling public, designed primarily to serve transient patrons;
- (30)~~(29)~~ "License" means any license issued pursuant to KRS Chapters 241 to 244;
- (31)~~(30)~~ "Licensee" means any person to whom a license has been issued, pursuant to KRS Chapters 241 to 244;
- (32)~~(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 ~~receipts~~~~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 ~~receipts~~~~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;
- (33)~~(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, **and includes weak cider**;
- (34)~~(33)~~ "Manufacture" means distill, rectify, brew, bottle, and operate a winery;
- (35)~~(34)~~ "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person engaged in the production or bottling of alcoholic beverages;
- (36)~~(35)~~ "Minor" means any person who is not twenty-one (21) years of age or older;
- (37)~~(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, or 242.1292;
- (38)~~(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;
- (39)~~(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;
- (40)~~(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;
- (41)~~(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;
- (42)~~(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;

- (43)~~((42))~~ "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;
- (44)~~((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;
- (45)~~((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;
- (46)~~((45))~~ "Retail outlet" means retailer, hotel, motel, restaurant, railroad dining car, club, and any facility where alcoholic beverages are sold directly to the consumers;
- (47)~~((46))~~ "Retail sale" means any sale where delivery is made in Kentucky to any consumers;
- (48)~~((47))~~ "Retailer" means any person who sells at retail any alcoholic beverage for the sale of which a license is required;
- (49)~~((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;
- (50)~~((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;
- (51)~~((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;
- (52)~~((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;
- (53)~~((52))~~ "Small farm winery" means a winery producing wines, in an amount not to exceed fifty thousand (50,000) gallons in a calendar year;
- (54)~~((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;
- (55)~~((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;
- (56)~~((55))~~ "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) ***"Weak cider" means any fermented fruit-based beverage containing more than one percent (1%) but less than seven percent (7%) alcohol by volume;***
- (61)~~((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)?";
- (62)~~((60))~~ "Wholesale sale" means a sale to any person for the purpose of resale;
- (63)~~((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;

~~(64)~~~~(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 *sake*, 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 *does not include weak cider*~~[includes ciders, perry, or sake]~~; and

~~(65)~~~~(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. KRS 242.123 is amended to read as follows:

- (1) (a) To promote economic development and tourism in a county containing a wet or moist city, with the exception of a moist territory in accordance with KRS ~~242.1292(1)~~~~[242.1292]~~, a local option election for the limited sale of alcoholic beverages may be held in any precinct containing a nine (9) or an eighteen (18) hole golf course that meets United States Golf Association criteria as a regulation golf course, notwithstanding any other provisions 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 (name of golf course) in the (name of precinct)?'".
- (2) A local option election for the limited sale of alcoholic beverages held under subsection (1) of this section shall be conducted in the same manner specified in KRS 242.020 to 242.120, except that 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 (name of golf course) in the (name of precinct)?".

➔Section 3. KRS 243.030 is amended to read as follows:

The following kinds of distilled spirits and wine licenses may be issued by the director of the Division of Distilled Spirits, the fees for which shall be:

- (1) Distiller's license:
 - (a) *Class A*, per annum\$3,090.00
 - (b) *Class B (craft distillery), per annum***\$1,000.00**
- (2) Rectifier's license, per annum\$2,580.00
- (3) Winery license, per annum\$1,030.00
- (4) Small farm winery license, per annum\$110.00
 - (a) Small farm winery off-premises retail license, per annum\$30.00
- (5) Wholesaler's license, per annum\$2,060.00
- (6) Quota retail package license, per annum\$570.00
- (7) Quota retail drink license, per annum\$620.00
- (8) Transporter's license, per annum\$210.00
- (9) Special nonbeverage alcohol license, per annum\$60.00
- (10) Special agent's or solicitor's license, per annum\$30.00
- (11) Bottling house or bottling house storage license,
per annum \$1,030.00
- (12) Special temporary license, per event \$90.00
- (13) Special Sunday retail drink license, per annum\$520.00
- (14) Caterer's license, per annum\$830.00
- (15) Special temporary distilled spirits and wine

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| auction license, per event | \$110.00 |
| (16) Extended hours supplemental license, per annum | \$2,060.00 |
| (17) Hotel in-room license, per annum | \$210.00 |
| (18) Air transporter license, per annum | \$520.00 |
| (19) Sampling license, per annum | \$110.00 |
| (20) Replacement or duplicate license | \$25.00 |
| (21) Entertainment destination license, per annum | \$7,730.00 |
| (22) Limited restaurant license, per annum | \$780.00 |
| (23) Limited golf course license, per annum | \$720.00 |
| (24) Small farm winery wholesaler's license, per annum | \$110.00 |
| (25) Qualified historic site license (includes distilled spirits, wine, and malt beverages by
the drink), per annum | \$1,030.00 |
| (26) Nonquota type 1 license, per annum | \$4,120.00 |
| (27) Nonquota type 2 license, per annum | \$830.00 |
| (28) Nonquota type 3 license, per annum | \$310.00 |
| (29) Distilled spirits and wine storage license, per annum | \$620.00 |
| (30) Out-of-state distilled spirits and wine supplier's license, per annum | \$1,550.00 |
| (31) Limited out-of-state distilled spirits and
wine supplier's license, per annum | \$260.00 |
| (32) Micro out-of-state distilled spirits and
wine supplier's license, per annum | \$10.00 |
| (33) A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new transitional license pursuant to
KRS 243.045. | |
| (34) Other special licenses the board finds necessary for the proper regulation and control of the traffic in distilled
spirits and wine and provides for by administrative regulation. In establishing the amount of license taxes that
are required to be fixed by the board, it shall have regard for the value of the privilege granted. | |
| (35) The fee for each of the first five (5) supplemental bar licenses shall be the same as the fee for the primary retail
drink license. There shall be no charge for each supplemental license issued in excess of five (5) to the same
licensee at the same premises. | |

A nonrefundable application fee of fifty dollars (\$50) shall be charged to process each new application under this section, except for subsections (4), (8), (9), (10), (12), (15), (19), and (20) of this section. The application fee shall be applied to the licensing fee if the license is issued; otherwise it shall be retained by the department.

➔Section 4. KRS 243.033 is amended to read as follows:

- (1) A caterer's license may be issued as a supplementary license to a caterer that holds a quota retail package license, a quota retail drink license, an NQ1 license, an NQ2 license, or a limited restaurant license.
- (2) The caterer's license may be issued as a primary license to a caterer in any wet territory or in any moist territory ~~established~~ under KRS ~~242.1244~~~~[242.125]~~ for the premises that serves as the caterer's commissary and designated banquet hall. No primary caterer's license shall be issued to a premises that operates as a restaurant. The alcoholic beverage stock of the caterer shall be kept under lock and key at the licensed premises during the time that the alcoholic beverages are not being used in conjunction with a catered function.
- (3) The caterer's license shall authorize the caterer to:
 - (a) Purchase and store alcoholic beverages in the manner prescribed in KRS ~~243.088~~, 243.250~~[, 243.280]~~, and 244.310;

- (b) Transport, sell, serve, and deliver malt beverages by the drink at locations away from the licensed premises or at the caterer's designated banquet hall in conjunction with the catering of food and malt beverages for a customer and his or her guests, in:
 - 1. Cities and counties established as moist territory under KRS 242.1244 if the receipts from the catering of food at any catered event are at least seventy percent (70%) of the gross receipts from the catering of both food and malt beverages; or
 - 2. All other wet territory if the receipts from the catering of food at any catered event are at least thirty-five percent (35%) of the gross receipts from the catering of both food and malt beverages;
 - (c) Transport, sell, serve, and deliver distilled spirits and wine by the drink at locations away from the licensed premises or at the caterer's designated banquet hall in conjunction with the catering of food and alcoholic beverages for a customer and his or her guests, in:
 - 1. Cities and counties established as moist territory under KRS 242.1244 if the receipts from the catering of food at any catered event are at least seventy percent (70%) of the gross receipts from the catering of both food and alcoholic beverages;
 - 2. Cities of the fourth class and counties containing cities of the fourth class established as wet ~~or moist~~ territory permitting distilled spirits and wine drink sales by ordinance under KRS 243.072 if the receipts from the catering of food at any catered event are at least fifty percent (50%) of the gross receipts from the catering of both food and alcoholic beverages; or
 - 3. All other wet territory in which the sale of distilled spirits and wine by the drink is authorized if the receipts from the catering of food at any catered event are at least thirty-five percent (35%) of the gross receipts from the catering of both food and alcoholic beverages;
 - (d) Receive and fill telephone orders for alcoholic beverages in conjunction with the ordering of food for a catered event; and
 - (e) Receive payment for alcoholic beverages served at a catered event on a by-the-drink or by-the-event basis. The caterer may bill the host for by-the-function sales of alcoholic beverages in the usual course of the caterer's business.
- (4) A caterer licensee shall not cater alcoholic beverages at locations for which retail alcoholic beverage licenses or special temporary licenses have been issued. A caterer licensee may cater a fundraising event for which a special temporary distilled spirits and wine auction license has been issued under KRS 243.036.
 - (5) A caterer licensee shall not cater distilled spirits and wine on Sunday except in territory in which the Sunday sale of distilled spirits and wine is permitted under the provisions of KRS 244.290 and 244.295. A caterer licensee shall not cater malt beverages on Sunday except in territory in which the Sunday sale of malt beverages is permitted under the provisions of KRS 244.480.
 - (6) The location at which alcoholic beverages are sold, served, and delivered by a caterer, pursuant to this section, shall not constitute a public place for the purpose of KRS Chapter 222. If the location is a multi-unit structure, only the unit or units at which the function being catered is held shall be excluded from the public place provisions of KRS Chapter 222.
 - (7) The caterer licensee shall post a copy of his or her caterer's license at the location of the function for which alcoholic beverages are catered.
 - (8) The name and license numbers of the caterer shall be painted or securely attached, in a contrasting color, in a form prescribed by the board by promulgation of an administrative regulation, upon all vehicles used by the caterer to transport alcoholic beverages.
 - (9) All restrictions and prohibitions applying to a distilled spirits and wine quota retail drink licensee not inconsistent with this section shall apply to the caterer licensee.
 - (10) The caterer licensee shall maintain records as set forth in KRS 244.150 and in administrative regulations promulgated by the board.

➔Section 5. KRS 243.034 is amended to read as follows:

- (1) A limited restaurant license may be issued to an establishment meeting the criteria established in *subsection (32) of Section 1 of this Act* ~~[KRS 241.010(31)]~~ as long as the establishment is within:

- (a) Any wet territory; or
 - (b) Any moist precinct that has authorized the sale of alcoholic beverages under KRS 242.1244.
- (2) A limited restaurant license shall authorize the licensee to purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase distilled spirits, wine, and malt beverages only from licensed wholesalers or distributors. The license shall not authorize the licensee to sell distilled spirits, wine, or malt beverages by the package.
- (3) The holder of a limited restaurant license shall maintain at least seventy percent (70%) of its gross ~~receipts~~~~income~~ from the sale of food and maintain the minimum applicable seating requirement required for the type of limited restaurant license.
- (4) (a) A limited restaurant as defined by *subsection (32)(b) of Section 1 of this Act*~~[KRS 241.010(31)(b)]~~ shall:
- 1. Only sell distilled spirits, wine, and malt beverages incidental to the sale of a meal; and
 - 2. Not have an open bar and shall not sell distilled spirits, wine, and malt beverages to any person who has not purchased or does not purchase a meal.
- (b) Distilled spirits, wine, and malt beverages shall be deemed to be purchased in conjunction with a meal if the distilled spirits, wine, and malt beverages are served after the meal is ordered and no more than one-half (1/2) hour after the meal is completed.

➔Section 6. KRS 243.042 is amended to read as follows:

- (1) A qualified historic site license may be issued to any establishment meeting the criteria established in KRS 241.010 as long as the establishment is within:
- (a) Any wet territory; or
 - (b) Any precinct that has authorized the sale of alcoholic beverages under KRS 242.1242.
- (2) A qualified historic site license shall authorize the licensee to:
- (a) Sell distilled spirits, wine, and malt beverages by the drink at one (1) or more permanent or nonpermanent locations on the premises over which the licensee, by lease or ownership, has exclusive control without obtaining additional supplemental bar licenses prescribed by KRS 243.037;
 - (b) Sell distilled spirits, wine, and malt beverages by the drink to patrons at public or private functions held on the premises; and
 - (c) Purchase and store alcoholic beverages in the manner prescribed in KRS **243.088**, 243.250~~[, 243.280]~~, and 244.310.
- (3) Nothing in this section exempts the holder of a qualified historic site license from the provisions of KRS Chapters 241, 242, 243, and 244, or from any rules of the board as established by administrative regulations, except as expressly stated in this section.

➔Section 7. KRS 243.050 is amended to read as follows:

- (1) Where it is determined by the department to be in the best interest of promoting tourism, conventions, and the economic development of Kentucky or any part thereof, the department may issue an extended hours supplemental license for the retail sale of alcoholic beverages by the drink to the holder of an NQ1 retail drink license,~~or~~ a qualified historic site license, **or a license located in a commercial airport**. The department may, by administrative regulation or special conditions of an extended hours supplemental license, establish the days when the supplemental license will be valid, including Sundays after 1 p.m., and establish such restrictions on the use of the license as will ensure that it will be primarily for the benefit of the convention business, the horse racing industry, passengers at large commercial airports and rail systems, the automobile racing industry, and qualified historic sites.
- (2) (a) A licensee located in territory which has authorized Sunday retail distilled spirits and wine drink sales under KRS 244.290 or 244.295, either by local option election or by local government ordinance, shall obtain a Sunday retail drink license in order to sell distilled spirits and wine on Sunday.
- (b) A retail licensee holding a Sunday retail drink license is authorized to remain open and sell distilled spirits and wine by the drink for consumption on the premises only during those times and hours permitted by local government ordinance.

➔Section 8. KRS 243.072 is amended to read as follows:

- (1) This section shall apply to any wet city of the fourth class or county containing a wet city of the fourth class, notwithstanding any other provisions of this chapter relating to the sales of alcoholic beverages by the drink for consumption on the premises.
- (2) Upon a determination by the legislative body that an economic hardship exists within the wet city or county and that the sale of alcoholic beverages by the drink could aid economic growth, the legislative body may enact a comprehensive, regulatory ordinance covering the licensing and operation of hotels, motels, inns, or restaurants for the sale of alcoholic beverages by the drink for consumption on the premises.
- (3) Nonquota type 2 (NQ2) retail drink licenses authorizing all types of alcoholic beverage sales shall only be issued to hotels and restaurants having dining facilities for not less than **fifty (50)**~~one hundred (100)~~ persons.
- (4) The city or county legislative body may provide for the issuance of any licenses permitted by KRS **243.060 or** 243.070, or the issuance of any other reasonable administrative regulations as may be necessary for the enforcement or administration of this section, except that any administrative regulation adopted shall conform to the requirements of KRS 241.190.

➔Section 9. KRS 243.075 is amended to read as follows:

- (1) Notwithstanding the provisions of KRS **243.060 and** 243.070, in any city of the third or fourth class ***in which the discontinuance of prohibition is effective by virtue of a local option***~~[that is wet or moist through an]~~ election held under KRS ***Chapter 242***~~[242.125]~~, the governing body of the city and the governing body of the county containing a city of the third or fourth class is authorized to impose a regulatory license fee upon the gross receipts of each establishment therein licensed to sell alcoholic beverages. The regulatory license fee may be levied at the beginning of each budget period at a percentage rate as shall be reasonably estimated to fully reimburse the local government for the estimated costs of any additional policing, regulatory, or administrative expenses related to the sale of alcoholic beverages in the city and county. The regulatory license fee shall be in addition to any other taxes, fees, or licenses permitted by law, except:
 - (a) A credit against a regulatory license fee in a city shall be allowed in an amount equal to any licenses or fees imposed by the city **or county** pursuant to KRS **243.060 or** 243.070; and
 - (b) In a county in which the city and county both levy a regulatory license fee, the county license fee shall only be applicable outside the jurisdictional boundaries of those cities which levy a license fee.
- (2) Notwithstanding any limitations imposed on the city's or county's taxing or licensing power by KRS **243.060 or** 243.070, a city or county that ***is moist through a local option election held under KRS 242.1244, or that issues licenses***~~[qualifies]~~ under KRS 243.072 may by ordinance impose a regulatory license fee upon the gross receipts of each establishment located therein and licensed to sell distilled spirits, wine, or malt beverages by the drink for consumption on the premises. The regulatory license fee may be levied annually at a rate as shall be reasonably estimated to fully reimburse the city or county for the estimated costs for any additional policing, regulatory, or administrative related expenses. The regulatory license fee shall be in addition to any other taxes, fees, or licenses permitted by law, but a credit against the fee shall be allowed in an amount equal to any licenses or fees imposed by the city or county pursuant to KRS **243.060 or** 243.070.

➔Section 10. KRS 243.082 is amended to read as follows:

- (1) A "Nonquota type 1" or "NQ1" retail drink license may be issued to:
 - (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.
- (2) ***A qualifying convention center or a convention hotel complex, horse racetrack, or an automobile racetrack holding an NQ1 retail drink license 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 purchase distilled spirits, wine, or malt beverages only from licensed wholesalers or***

distributors. The holder of an NQ1 retail drink license under this section shall comply with the requirements of Section 16 of this Act. An NQ1 retail drink license held under this section shall not authorize the licensee to sell distilled spirits, wine, or malt beverages by the package.

- (3) *Notwithstanding any other law, a qualifying convention center or a convention hotel complex holding an NQ1 retail drink license may also hold a supplemental hotel in-room service license.*
 - (4) *A qualifying railroad system holding an NQ1 retail drink license may purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink or by the package, upon any train that includes a dining car and is operated by the licensee in the state. Sales shall be made only while the train is in motion. Notwithstanding any other law, a railroad system holding an NQ1 retail drink license may sell 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.*
 - (5) *A qualifying commercial airlines system or charter flight system holding an NQ1 retail drink license may purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink, and by miniature bottle, for consumption 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.*
- ~~{(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.}~~

➔Section 11. KRS 243.084 is amended to read as follows:

- (1) A "Nonquota type 2" or "NQ2" retail drink license may be issued to:
 - (a) A hotel that:
 1. Contains at least fifty (50) sleeping units;
 2. Contains dining facilities for at least **fifty (50)**~~one hundred (100)~~ persons; and
 3. Receives from its total food and beverage sales at least fifty percent (50%) of its gross receipts from the sale of food;
 - (b) A restaurant with a minimum seating for fifty (50) consumers at tables;
 - (c) An airport; or
 - (d) A riverboat.
- (2) A qualifying hotel, restaurant ~~with seating for at least one hundred (100) consumers at tables~~, airport, or riverboat holding an NQ2 retail drink license may purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase distilled spirits, wine, or malt beverages only from licensed wholesalers or distributors. An NQ2 retail drink license shall not authorize the licensee to sell distilled spirits, wine, or malt beverages by the package. The holder of an NQ2 retail drink license shall comply with the requirements of KRS 243.250.
- ~~(3) A restaurant holding an NQ2 retail drink license which has seating for more than fifty (50) but less than one hundred (100) consumers at tables may only purchase, receive, possess, and sell wine and malt beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase wine and malt beverages only from licensed wholesalers or distributors. An NQ2 license shall not authorize the licensee to sell wine and malt beverages by the package.~~
- ~~(4)~~ (a) A riverboat holding an NQ2 license may sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the premises of the riverboat. The riverboat shall have a regular place of mooring in a wet county or city of this state.
 - (b) A riverboat that has a regular place of mooring outside this state, may be licensed if the boat has an alternative regular place of mooring that qualifies under paragraph (a) of this subsection.
 - (c) An NQ2 license issued under this subsection shall not be transferable to another riverboat, vessel, or other premises.
 - (d) If a riverboat moors or makes landfall in a location other than its regular or alternate regular place of mooring, all distilled spirits, wine, and malt beverages shall be kept locked.
 - (e) A riverboat licensed under this subsection shall not take on or discharge passengers when mooring or making landfall in dry option territory.
 - (f) A riverboat NQ2 licensee shall comply with the license restrictions governing licensed premises in the regular place of mooring or alternative place of mooring.
- (4) ***An NQ2 retail drink license shall not be issued to any restaurant or any dining facility in a hotel, unless the applicant can demonstrate to the director or administrator that gross receipts of the restaurant or the dining facility from the sale of food for consumption on the premises is reasonably estimated to be not less than fifty percent (50%) of the total food and alcoholic beverage receipts of the restaurant or dining facility for the license period.***

➔Section 12. KRS 243.120 is amended to read as follows:

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

- (2) (a) *Distillers that produce more than fifty thousand (50,000) gallons of distilled spirits per calendar year at the premises shall obtain a distiller's license, Class A.*
- (b) *Distillers that produce fifty thousand (50,000) gallons or less of distilled spirits per calendar year at the premises shall obtain a distiller's license, Class B (craft distillery).*

➔Section 13. KRS 243.170 is amended to read as follows:

- (1) A wholesaler may sell, deliver, and transport distilled spirits and wine at wholesale, and from the licensed premises only, to:
- (a) Other wholesalers;
- (b) Retailers; or
- (c) A point out of the state to persons authorized by the law of the state of their residence, and by the United States government if located in the United States, to receive the distilled spirits and wine.
- (2) A wholesaler may purchase distilled spirits and wine at wholesale from licensed distillers, rectifiers, wineries, or other wholesalers and from nonresidents authorized by the law of the states of their residence, and by the United States government if located in the United States, to make the sales. A wholesaler may not transport distilled spirits and wine from any point to his or her own licensed premises, except as provided in subsection ~~(12)~~(2) of KRS 243.200.
- (3) No wholesaler shall sell or contract to sell, give away, or deliver any distilled spirits or wine to any person in Kentucky who is not licensed to receive, possess, distribute, or sell distilled spirits and wine, and no wholesaler shall sell or contract to sell, give away, or deliver any distilled spirits or wine to any consumer. This section does not permit sales or deliveries of distilled spirits in Kentucky by licensed wholesalers to nonresidents who are not licensed by their own states.
- (4) A wholesaler may extend credit on distilled spirits and wine sold to retail licensees for a period not to exceed thirty (30) days from the date of invoice, with the date of invoice included in the total number of days. When the thirty (30) day period has passed without payment in full, no wholesaler shall sell to the licensee except for cash on delivery.

➔Section 14. KRS 243.200 is amended to read as follows:

- (1) (a) *A transporter's license may be issued as a primary license to a person engaged in business as a common carrier. A transporter's licensee may transport alcoholic beverages to or from the licensed premises of any licensee under this chapter if both the consignor and consignee in each case are authorized by the law of the states of their residence to sell, purchase, ship, or receive the alcoholic beverages.*
- (b) *A transporter's license shall be issued only to persons authorized by proper certificate from the Department of Vehicle Regulation to engage in the business of a common carrier. Holders of a transporter's license issued under this section may transport alcoholic beverages in Kentucky only in conformity with the provisions of their common carrier certificate issued by the Transportation Cabinet. Such licensees are specifically prohibited from transporting alcoholic beverages anywhere within the state except upon the route authorized by their respective common carrier certificates.*
- (2) (a) *No person, firm, or corporation operating motor vehicles for hire over the highways of this state, under authority of a Certificate of Convenience and Necessity issued by the Transportation Cabinet, covering the same territory or highways designated in the certificate as irregular common carrier issued by the Interstate Commerce Commission shall be authorized or permitted to transport any alcoholic beverages in this state until the carrier has procured an appropriate transporter's license from the department, and filed with the department a statement of the proposed route of the territory over which the carrier proposes to transport alcoholic beverages.*
- (b) *The statement of route shall be accompanied by an exhibit consisting of a Kentucky road map with the proposed route clearly indicated by suitable marking.*
- (c) *The proposed route shall be restricted to designated federal highways except as to access side roads to distilleries and terminals. The side roads shall be the nearest and most traveled route from the distillery to the designated federal highway, and shall be no more than seven (7) miles from the federal highway.*

- (d) When the carrier has obtained a transporter's license for distilled spirits and wine from the department for transportation over designated routes, pursuant to a regular common carrier certificate, no additional license shall be required upon filing of the designated routes and exhibit required under this section.*
 - (e) The license shall be issued to a person legally transporting alcoholic beverages to allow transportation of the beverages over numbered Kentucky state highways, or officially prescribed detours from those highways.*
- (3) A transporter's license may be issued to a steam, diesel, or gasoline boatline, desiring to haul alcoholic beverages in barrels or in unbroken case lots, if it maintains published river-rail rates, but licensees shall not be restricted to routes covered by such river-rail rates.*
- (4) A transporter's license may be issued as a primary or supplementary license to any nonresident distiller, winery, or wholesaler who is authorized by the state of his or her residence and the federal government to receive and transport distilled spirits and wine. The nonresident licensee may transport for himself or herself only, distilled spirits and wine from the licensed premises of a Kentucky manufacturer, distiller, winery, or rectifier to the transporter's licensed premises only, and beverages on which the Kentucky tax has been paid may be transported from the licensed premises of a nonresident distiller, winery, or rectifier to wholesaler licensees within the Commonwealth of Kentucky, if he or she transports the alcoholic beverages in a truck or other vehicle owned and operated by a nonresident licensee. Each truck or vehicle shall have affixed to its side a sign in uniform letters of at least three (3) inches high containing the name of the company and the state and federal permit numbers for the vehicles.*
- (5) An application for a transporter's license shall include a statement that the applicant, if granted a license, will allow any authorized field representative of the department to stop and examine the cargo of any truck or vehicle in which alcoholic beverages are being transported within the boundaries of the Commonwealth of Kentucky.*
- (6) All persons or entities holding a transporter's license shall be required to file reports with the Department of Revenue on or before the fifteenth of each month, covering the preceding month's transactions. Only one (1) report may be submitted to cover each unit shipment of alcoholic beverages transported into and from the state. Each Department of Revenue report shall show the state license number, the name and address of consignor and consignee, shipping date, delivery date, number of cases according to size contained in each shipment, and shall be signed by an official of the company handling the shipment.*
- (7) A transporter's license may be issued as a primary license to a person or entity wishing to transport distilled spirits and wine through this state over the public highways. A transporter's license authorizes the holder to transport distilled spirits and wine during the period of the license. The driver of a vehicle so transporting shall be in the possession of a copy of the license and bills of lading, consignment, or other evidence of ownership of the cargo which tally with the cargo. Failure of the driver to be in possession of these documents shall be prima facie evidence of illegal trafficking. The transporting of distilled spirits and wine without a transporter's license shall subject the offending party to the penalties established in KRS 243.990.*
- (8) A transporter's license may be issued as a primary license to a person wishing to transfer distilled spirits or wine from a licensed transporter to one (1) truck from another. The licensee may receive from and tender to transporters duly licensed under this section those distilled spirits and wine consigned to licensees under KRS 243.020, in the Commonwealth of Kentucky.*
- (a) A transporter's license may be issued as a primary license to a person or entity wishing to export malt beverages from the licensed premises of a Kentucky brewer or from the warehouse of a licensed Kentucky distributor, or from another state, through Kentucky. A transporter's license may be issued to an applicant who holds a beer wholesaler or distributor's license issued by the state into which malt beverages are to be transported, or who is licensed by the state to transport those malt beverages.*
 - (b) Applicants for the transporter's license under this subsection, and their employees, may be exempt from the residence requirements of KRS 243.100 and 244.090.*
 - (c) A transporter's license shall authorize the holder to transport malt beverages from the licensed premises of a Kentucky brewer or from the warehouse of the licensed Kentucky distributor, or from another state, through Kentucky, if the licensee transports the malt beverages in a truck or other vehicle carrying a transporter's license and owned and operated by its employees.*

- (10) *A transporter's license may be issued as a primary or supplemental license to a person, except a retailer, wishing to transport malt beverages for hire. A transporter's license shall authorize the licensee to transport malt beverages for hire to or from the licensed premises of any licensee, except retailers, if both the consignor and consignee in each case are authorized by the law of the states of their residence to sell, purchase, ship, or receive the malt beverages. A transporter licensee may transport malt beverages for hire to or from the licensed premises of any licensee under KRS 243.040 in counties containing a population of less than forty thousand (40,000) if both the consignor and consignee in each case are authorized by the laws of the states of their residence to sell, purchase, ship, or receive the malt beverages.*
- (11) No person except a railroad company or railway express company shall transport or cause to be transported any distilled spirits or wine, unless expressly authorized to do so by law.
- (12)~~(2)~~ Distilled spirits and wine may be transported by the holder of any license authorized to transport distilled spirits and wine to and from express or freight depots and the licensee's premises.
- (13)~~(3)~~ A licensed alcoholic beverage store operator may move, within the same county, alcoholic beverages from one of the operator's licensed stores to another without a transporter's license. However, the licensed store operator shall keep and maintain, in one (1) of his or her stores in that county, adequate books and records of the transactions involved in transporting alcoholic beverages from one (1) licensed store to another in accordance with standards established in administrative regulations promulgated by the board. The records shall be available to the department and the Department of Revenue upon request.
- (14)~~(4)~~ Distilled spirits and wine may be transported by any licensed retailer selling distilled spirits or wine, by the package or by the drink, from the premises of a licensed wholesaler to the licensed premises of the retail licensee. Any retailer transporting alcoholic beverages under this subsection shall do so in a vehicle marked in conformity with administrative regulations of the department. Both the wholesaler and the retailer engaging in activity under this subsection shall be responsible for maintaining records documenting the transactions.
- ➔Section 15. KRS 243.230 is amended to read as follows:
- (1) Quota retail drink licenses ~~and NQ2 retail drink licenses~~ may be issued only for premises located within cities of the first, second, or third class, or elsewhere in counties containing a city of the first, second, or third class if those counties maintain an adequate police force under KRS 70.540 and 70.150 to 70.170.
- (2) ~~Notwithstanding subsection (1) of this section, an NQ2 retail drink license may be issued to a restaurant with seating for fifty (50) patrons at tables in any wet territory, but a license issued under this subsection shall only have the privileges of a license issued under KRS 243.084(3).~~
- (3) ~~Notwithstanding subsection (1) of this section, quota retail drink licenses ~~and NQ2 retail drink licenses~~ may be issued for premises located within a city of the fourth class in which the majority of votes cast in the most recent election held under KRS 242.127 and 242.129 were in favor of the proposition voted upon if the city has an adequate police force under KRS 95.710 and 95.760 to 95.787.~~
- (3)~~(4)~~ Notwithstanding subsection (1) of this section, NQ2 retail drink licenses may be issued to qualifying premises located within a city of the fourth class, or in a county containing a city of the fourth class, if the city or county has enacted an economic hardship ordinance under KRS 243.072.
- (4)~~(5)~~ Quota retail package licenses may be issued only for premises located within incorporated cities, or elsewhere in counties containing a city of the first, second, or third class if those counties maintain an adequate police force under KRS 70.540 and 70.150 to 70.170.
- (5)~~(6)~~ Notwithstanding subsection (4)~~(5)~~ of this section, the department may, after a field investigation, issue a quota retail package license to premises not located within any city if:
- (a) Substantial aggregations of population would otherwise not have reasonable access to a licensed vendor;
- (b) The premises to be licensed under this subsection shall be used exclusively for the sale of distilled spirits and wine by the package and malt beverages, where applicable, and shall not be used in any manner, in connection with a dance hall, roadhouse, restaurant, store, or any other commercial enterprise, except as a drug store in which a registered pharmacist is employed.
- (6)~~(7)~~ No quota retail package license or quota retail drink license for the sale of distilled spirits or wine shall be issued for any premises used as or in connection with the operation of any business in which a substantial part of the commercial transaction consists of selling at retail staple groceries or gasoline and lubricating oil.

➔Section 16. KRS 243.250 is amended to read as follows:

A quota retail drink license shall authorize the licensee to purchase, receive, possess, and sell distilled spirits and wine at retail by the drink for consumption on the licensed premises. The licensee shall purchase distilled spirits and wine only from licensed wholesalers, and unless he or she also holds a quota retail package license, he or she shall not buy or possess distilled spirits or wine in containers smaller than two hundred (200) milliliters. A licensee may purchase wine in containers not smaller than one hundred (100) milliliters if the wine does not exceed fourteen percent (14%) alcohol by volume and the quota retail drink license is held by a restaurant or private club which receives a minimum of fifty percent (50%) of its food and beverage ~~receipts~~~~income~~ from the sale of food and has a minimum seating capacity of fifty (50) people at tables. A licensee may buy mixed drinks in containers of a capacity not smaller than three hundred fifty-five (355) milliliters if the mixed drinks contain a substantial proportion of carbonated water. A quota retail drink license shall not authorize the licensee to sell distilled spirits or wine by the package. The holder of a quota retail drink license may also hold a NQ4 retail malt beverage drink license.

➔Section 17. KRS 243.320 is amended to read as follows:

- (1) A special nonbeverage alcohol license shall authorize the holder to purchase alcohol for nonbeverage purposes only from the holder of a distiller's license, wholesaler's license, or distributor's license and possess alcohol for use in the manufacture and sale of any of the following products, when they are unfit for beverage purposes:
 - (a) Denatured alcohol produced, and sold pursuant to Acts of Congress and regulations promulgated thereunder;
 - (b) Patent, proprietary, medicinal, pharmaceutical, antiseptic, and toilet preparations;
 - (c) Flavoring extracts, syrups, and food products; and
 - (d) Scientific, chemical, mechanical, and industrial products.
- (2) KRS Chapter 242 shall not prevent the issuance of special nonbeverage alcohol licenses to persons located in dry or moist territory nor prevent licensees from exercising the privileges granted in the license.
- (3) A special nonbeverage alcohol license may also be issued to any duly authorized and bona fide hospital, museum, laboratory, charitable, educational, or similar public or private institution, to a drug store employing a licensed pharmacist, or to a licensed physician. The license shall authorize the licensee to purchase or possess alcohol and to use it only for nonbeverage purposes.
- (4) The holder of a special nonbeverage alcohol license may produce, possess, and use alcohol in the manufacture of *nonbeverage fuel* ethanol if the holder also holds a basic permit from the applicable federal agency authorizing ethanol production.

➔Section 18. KRS 243.353 is amended to read as follows:

- (1) A malt beverage storage license may be issued as a supplementary license to a distributor's license, a nonquota retail malt beverage package license, *or* a Nonquota type 4 ~~license, or a~~ retail malt beverage drink license. A malt beverage storage license may also be issued as a primary or supplementary license in conformity with administrative regulations promulgated by the department.
- (2) The holder of a malt beverage storage license may:
 - (a) Store malt beverages at the storage licensed premises convenient to his or her regular retail malt beverage licensed premises;
 - (b) Transport the malt beverages as belonging to the holder of the license to and from the warehouse by way of the nearest route to his or her regular licensed retail malt beverage premises, if the licensee sells no malt beverages except at his or her regular malt beverage licensed premises;
 - (c) Transport and store malt beverages belonging to the distributor to, from, and at the storage licensed premises; and
 - (d) Conduct business as authorized by the department through the promulgation of administrative regulations.
- (3) The malt beverage administrator may issue a temporary storage license to a licensed distributor for storage of malt beverages if there is an emergency. The malt beverage administrator shall have sole discretion to determine the existence of any emergency.

➔Section 19. KRS 243.360 is amended to read as follows:

- (1) Any person, corporation, partnership, or any other entity, except an applicant for the same license for the same premises, or an applicant for an out-of-state malt beverage supplier's license, limited out-of-state malt beverage supplier's license, out-of-state distilled spirits and wine supplier's license, limited out-of-state distilled spirits and wine supplier's license, *micro out-of-state distilled spirits and wine supplier's license*, supplemental bar license, extended hours supplemental license, a special agent or solicitor's license, a *special nonbeverage alcohol license*~~[bonded warehouse license, a freight forwarding license, a storage warehouse license, an industrial alcohol license, a nonindustrial alcohol license, a storage warehouse license, a nonbeverage license, a vendor license]~~, a transporter's license, a *special* Sunday *drink* license, or a *special* temporary drink license shall, before applying for a license under KRS 243.030 and 243.040, advertise by publication under KRS 424.130(1)(b) his or her intention to apply for a license.
- (2) The notice shall conform in all material respects to the following requirements:
 - (a) The notice shall state: the name and address of the applicant if the applicant is an individual, the name and address of each partner and the name of the business and its address if the applicant is a partnership, and the name and address of each principal officer and director and the name and business address of the corporation if the applicant is a corporation;
 - (b) The notice shall specifically state the location of the premises for which the license is sought and the type of license being requested; and
 - (c) The notice shall state the date the application will be filed and shall contain the following statement: "Any person, association, corporation, or body politic may protest the granting of the license by writing the Department of Alcoholic Beverage Control, 1003 Twilight Trail,~~[Suite A-2,]~~ Frankfort, Kentucky 40601, within thirty (30) days of the date of legal publication."
- (3) Any protest received after the thirty (30) day period has expired shall not be considered a valid legal protest by the board.

➔Section 20. KRS 243.380 is amended to read as follows:

- (1) Applications for distilled spirit and wine licenses provided for in KRS Chapters 241 to 244 shall be made to the director of the Division of Distilled Spirits. Applications for malt beverage licenses provided for in KRS Chapters 241 to 244 shall be made to the director of the Division of Malt Beverages. Applications for distilled spirits, wine, and malt beverage licenses provided for in KRS Chapters 241 to 244 shall be made to the director of the Division of Distilled Spirits and to the director of the Division of Malt Beverages.
- (2) All applications shall be on forms furnished by the department. They shall be verified and shall set forth in detail all information concerning the applicant and the premises submitted for licensing as the board requires by administrative regulation. Each application shall be accompanied by payment. Payment of the license fee may be by certified check,~~[cash,]~~ a postal or express money order, or any other method of payment approved in writing by both the Finance and Administration Cabinet and the Office of the State Treasurer. Promptly upon receipt of the payment the board shall pay it into the State Treasury, giving the Department of Revenue copies of the pay-in vouchers and any other supporting data as the Department of Revenue requires for revenue control purposes.
- (3) A business entity that owns more than two (2) licensed premises shall initially submit common information about ownership, officers, directors, managerial employees, and shall provide current criminal background checks once for all separately licensed premises in one (1) master file. Any business qualifying under this subsection shall only be required to amend its master file information for material changes under KRS 243.390(2) or ownership transfers under KRS 243.630.

➔Section 21. KRS 244.125 is amended to read as follows:

- (1) Except as provided in subsection (3) of this section, no person shall be in possession of a loaded, as defined in KRS 237.060, firearm while actually within the room where alcoholic beverages are being sold by the drink of a building on premises licensed to sell distilled spirits and wine at retail by the drink for consumption on the licensed premises pursuant to KRS Chapter 243.
- (2) This section shall not apply to the owner manager, or employee of licensed premises, law enforcement officers, or special local peace officers commissioned pursuant to KRS 61.360.

- (3) This section shall not apply to a bona fide restaurant open to the general public having dining facilities for not less than fifty (50) persons and which receives less than fifty percent (50%) of its annual food and beverage ~~receipts~~~~income~~ from the dining facilities by the sale of alcohol.
- (4) Nothing in this section shall be construed as permitting the carrying of a concealed deadly weapon in violation of KRS 527.020.
- (5) Any firearm possessed in violation of this section shall be subject to forfeiture and shall be disposed of pursuant to KRS 237.090.

➔Section 22. KRS 244.290 is amended to read as follows:

- (1) (a) A premises that is licensed to sell distilled spirits or wine at retail shall be permitted to remain open during the hours the polls are open on any primary, or regular, local option, or special election day unless it is located where the legislative body of a city of the first, second, third, or fourth class or an urban-county government, consolidated local government, charter county government, unified local government, or the fiscal court of a county containing a city of the first, second, third, or fourth class adopts an ordinance that prohibits the sale of distilled spirits and wine or limits the hours and times in which distilled spirits and wine may be sold within its jurisdictional boundaries on any primary, or regular, local option, or special election day during the hours the polls are open.
- (b) This subsection shall only apply in a *wet or moist* territory~~[where prohibition is no longer in effect in whole or in part]~~.
- (c) Notwithstanding any other provision of the Kentucky Revised Statutes to the contrary, the fiscal court of a county containing a city of the first, second, third, or fourth class shall not by ordinance or any other means:
 - 1. Supersede, reverse, or modify any decision made pursuant to this subsection by the legislative body of a city of the first, second, third, or fourth class within that county; or
 - 2. Impose an action upon a city of the first, second, third, or fourth class within that county when that city has taken no formal action pursuant to this subsection.
- (2) In any county containing a city of the first or second class in which the sale of distilled spirits and wine by the drink is permitted under KRS Chapter 242, an election on the question of permitting the sale of distilled spirits and wine by the drink on Sunday may be held as provided in KRS Chapter 242.
- (3) Except as provided in KRS 243.050, a premise for which there has been granted a license for the sale of distilled spirits or wine at retail by the drink or by the package shall not remain open for any purposes between midnight and 6 a.m. or at any time during the twenty-four (24) hours of a Sunday, unless:
 - (a) The licensee provides a separate locked department in which all stocks of distilled spirits and wine are kept during those times; or
 - (b) The legislative body of a city of the first, second, third, or fourth class or an urban-county government, consolidated local government, charter county government, unified local government, or the fiscal court of a county containing a city of the first, second, third, or fourth class, has otherwise established the hours and times in which distilled spirits and wine may be sold within its jurisdictional boundaries.
- (4) In any county containing a city of the first, second, or third class or any city located therein in which the sale of distilled spirits and wine is permitted under KRS Chapter 242, the legislative body of the city or county may, by ordinance, permit the sale of distilled spirits and wine by the drink on Sunday from 1 p.m. until the designated closing hour of that locality at hotels, motels, or restaurants which:
 - (a) Have dining facilities with a minimum seating capacity of one hundred (100) people at tables; and
 - (b) Receive less than fifty percent (50%) of their annual food and beverage ~~receipts~~~~income~~ from the dining facilities from the sale of alcohol.
- (5) In any county containing a city of the first class or in any city located therein in which the sale of distilled spirits and wine is permitted under KRS Chapter 242, the distilled spirits director may issue a license to holders of a quota retail drink license or a special private club license which permits the sale of distilled spirits and wine by the drink on Sunday from 1 p.m. until the prevailing time for that locality.

- (6) Any city of the fourth class or county containing a city of the fourth class which has enacted a comprehensive, regulatory ordinance relating to the licensing and operation of hotels, motels, inns, or restaurants for the sale of alcoholic beverages by the drink under KRS 243.072, may also regulate and provide for the limited sale of distilled spirits and wine by the drink on Sundays if:
- (a) The special Sunday retail drink licenses are issued only to those hotels, motels, inns, or restaurants authorized to sell alcoholic beverages by the drink under KRS 243.072; and
 - (b) The licensed retailers selling distilled spirits and wine by the drink have applied to the state director and meet all other legal requirements for obtaining a special Sunday retail drink license.
- (7) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary, in any county containing an urban-county government, consolidated local government, charter county government, or unified local government where Sunday sales of distilled spirits and wine by the drink have been previously approved, the legislative body of the urban-county government, consolidated local government, charter county government, or unified local government may by ordinance extend Sunday sales to any premises licensed to sell distilled spirits and wine by the drink located within the territorial boundaries of the urban-county government, consolidated local government, charter county government, or unified local government and may by ordinance establish the hours such distilled spirits and wine by the drink may be sold.

➔Section 23. KRS 244.295 is amended to read as follows:

- (1) In any county containing an urban-county government, a premises that has been granted a license for the sale of distilled spirits or wine at retail shall not be permitted to remain open for any purpose between midnight and 6 a.m., or at any time during the twenty-four (24) hours of a Sunday, unless the licensee provides a separate department within his or her licensed premises capable of being locked and closed off, within which is kept all stocks of distilled spirits and wine, and all fixtures and apparatus connected with his or her business as a licensee, and the department is kept locked during the time mentioned above. The licensee shall be deemed to have complied with this section; except that the legislative body of an urban-county government in which traffic in distilled spirits and wine is permitted under KRS Chapter 242 shall have the exclusive right and power, by ordinance, to establish the hours and times in which distilled spirits and wine may be sold within its jurisdictional boundaries. Provided, however, distilled spirits or wine may not be sold in any portion of a county containing an urban-county government during the twenty-four (24) hours between 6 a.m. Sunday and 6 a.m. Monday, except as provided in subsections (2) and (3) of this section; and provided, also, that all stocks of distilled spirits and wine shall be kept locked during the hours in which the licensee is prohibited from selling distilled spirits and wine.
- (2) In any county containing an urban-county government in which the sale of distilled spirits and wine is permitted under KRS Chapter 242, an election on the question of permitting the sale of distilled spirits and wine by the drink on Sunday may be held as provided in KRS 242.020 to 242.040 and 242.060 to 242.120. In any election, the form of the proposition shall be, "Are you in favor of the sale of distilled spirits and wine by the drink between the hours of one p.m. and midnight on Sunday in (name of county)?".
- (3) In any county containing an urban-county government in which the sale of distilled spirits and wine is permitted under KRS Chapter 242, the legislative body of the urban-county government may by resolution or ordinance submit to the electorate a proposal to permit the sale of distilled spirits and wine by the drink on Sunday from 1 p.m. until a closing hour specified in the proposal by hotels, motels, convention centers, convention hotel complexes, restaurants, racetracks, and commercial airports which are licensed for the retail sale of distilled spirits and wine by the drink and which have dining facilities with a minimum seating capacity of one hundred (100) people at tables and which receive less than fifty percent (50%) of their annual food and beverage ~~receipts~~~~income~~ from dining facilities by the sale of alcohol. The proposal to be submitted to the electorate shall be framed so that any voter who wishes to vote in favor of the limited Sunday sales of distilled spirits and wine by the drink may signify his or her approval by voting "yes" and any voter who wishes to vote against the limited Sunday sales of distilled spirits and wine by the drink may do so by voting "no." The election shall be held on a date stipulated by the legislative body, and the cost of the election shall be borne by the urban-county government. The proposal shall be published pursuant to KRS Chapter 424 and shall also be advertised by written or printed handbills posted at not less than five (5) conspicuous places in each precinct of the county for two (2) weeks before the election. The general election laws, including penalties for violations, shall apply to the election, except where those laws are inconsistent with the provisions of this section. The proposal submitted to the electorate shall be effective immediately if a majority of those voting on the proposal vote "yes."

- (4) In any county containing an urban-county government in which the sale of distilled spirits and wine by the drink is permitted on Sunday as provided in subsections (2) and (3) of this section, licensed retailers selling distilled spirits and wine by the drink may apply to the director of the Division of Distilled Spirits for a special Sunday retail drink license. Upon receipt of an application and payment of the prescribed fee, the director shall issue a license.
- (5) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary, in any county containing an urban-county government where Sunday sales of distilled spirits and wine by the drink have been previously approved, the legislative body of the urban-county government may by ordinance extend Sunday sales to any premises licensed to sell distilled spirits and wine by the drink located within the territorial boundaries of the urban-county government and may by ordinance establish the hours such distilled spirits and wine by the drink may be sold.

➔Section 24. KRS 244.480 is amended to read as follows:

- (1) Except as provided in subsection (4) of this section, no brewer or distributor shall deliver any malt beverages on Sunday or between the hours of midnight and 6 a.m. on any other day.
- (2) Except as provided in subsection (4) of this section, no retailer shall sell, give away, or deliver any malt beverages between midnight and 6 a.m. or at any time during the twenty-four (24) hours of a Sunday.
- (3)
 - (a) A retailer may sell malt beverages during the hours the polls are open on a primary, or regular, local option, or special election day unless the retailer is located where the legislative body of an urban-county government, consolidated local government, charter county government, unified local government, or a city of the first, second, third, or fourth class, or the fiscal court of a county containing an urban-county government or a city of the first, second, third, or fourth class, in which traffic in malt beverages is permitted by KRS Chapter 242 has adopted an ordinance that prohibits the sale of alcoholic beverages or limits the hours and times in which alcoholic beverages may be sold within its jurisdictional boundaries on any primary, or regular, local option, or special election day.
 - (b) This subsection shall only apply in a *wet or moist* territory ~~where prohibition is no longer in effect in whole or in part~~.
 - (c) Notwithstanding any other provisions of the Kentucky Revised Statutes to the contrary, the fiscal court of a county containing a city of the first, second, third, or fourth class shall not by ordinance or any other means:
 1. Supersede, reverse, or modify any decision made pursuant to this subsection by the legislative body of a city of the first, second, third, or fourth class within that county; or
 2. Impose an action upon a city of the first, second, third, or fourth class within that county when that city has taken no formal action pursuant to this subsection.
- (4) The legislative body of an urban-county government, consolidated local government, charter county government, unified local government, or a city of the first, second, third, or fourth class or of a county containing an urban-county government, consolidated local government, charter county government, unified local government, or a city of the first, second, third, or fourth class in which traffic in malt beverages is permitted by KRS Chapter 242, shall have the exclusive power to establish the times in which malt beverages may be sold within its jurisdictional boundaries, including Sunday and any primary, or regular, local option, or special election day sales if the hours so fixed shall not prohibit the sale, gift, or delivery of any malt beverages between 6 a.m. and midnight during any day, except Sunday.

➔Section 25. KRS 244.585 is amended to read as follows:

- (1) It shall be unlawful for any distributor to sell any brand of malt beverage in the Commonwealth of Kentucky, except in the territory described in a written agreement between the supplier or brewer and distributor, authorizing sale by the distributor of that brand within a designated area, and within that designated area the distributor shall not refuse to sell or offer reasonable service to licensed retailers during the normal business hours of the distributor. Where a supplier or brewer sells several brands, the agreement need not apply to all brands sold by the supplier or brewer and may apply to only one (1) brand. No supplier or brewer shall provide by the written agreement for the distribution of a brand of malt beverages to more than one (1) distributor for all or any part of the designated territory. *Upon request*, all territorial agreements shall be filed with the department.

- (2) Each distributor shall comply with such quality control standards as are specified in writing from time to time by the owner of the trademark of the brand of malt beverage, provided those controls are:
 - (a) Normal industry practice;
 - (b) Reasonably related to the maintenance of quality control;
 - (c) Consistent with the provisions of this chapter and all regulations promulgated pursuant thereto; and
 - (d) The distributor has received written notice of them from such owner.
- (3) A distributor may sell to only those licensed retailers, religious, charitable or fraternal organizations located within his designated geographical territory as provided in this section and to his employees and to other distributors of the same brand. No brand of malt beverage may be sold in the Commonwealth of Kentucky without prior written approval of the brewer and supplier filed with the department.
- (4) A territorial designation in any agreement between a distributor and brewer or supplier pursuant to this section shall be modified only in accordance with all the rights and duties of the distributor and brewer or supplier contained in any written agreement between them or by such other action of the brewer, supplier or distributor that is consistent with the terms of their agreement, and such modification shall be filed pursuant to the provisions of this section. The board shall require each party to verify that the level of service within the designated territory will not be adversely affected by such modification. When a distributor is prevented from selling or servicing retailers within his territory due to natural disasters, labor disputes or other such causes beyond his control, the distributor may allow another distributor of the same brand of malt beverages to sell and service that brand within his territory upon approval of the brewer or supplier.
- (5) No provisions of any agreement shall expressly or impliedly establish or maintain the resale price of any brand of malt beverage by the distributor.

➔Section 26. The following KRS sections are repealed:

243.083 Restrictions on issuance of NQ2 retail drink licenses to certain restaurants or hotel dining facilities.

243.205 Business authorized by transporter's license -- Transportation of distilled spirits, wine, and malt beverages -
- Entities eligible for license -- Reports to Department of Revenue -- Restrictions upon routes traveled --
Examination of cargo -- Illegal trafficking -- Exemption from KRS 243.100 and 244.090.

Signed by Governor April 2, 2014.