

**CHAPTER 115****( SB 213 )**

AN ACT relating to alcoholic beverages.

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

➔Section 1. 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- (b) This subsection shall only apply in a territory where prohibition is no longer in effect in whole or in part.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 income from the dining facilities from the sale of alcohol.
- (5) ***In any county containing a licensed small farm winery that is permitted to sell alcoholic beverages under KRS Chapter 242, the sale of alcoholic beverages at the small farm winery on Sunday may be permitted if:***
  - (a) ***The legislative body of the county approves by local ordinance the sale of alcoholic beverages on Sunday in strict accordance with the sales permitted by Section 3 of this Act on the licensed premises of a small farm winery from 1 p.m. until the prevailing time for that locality; or***

- (b) *A limited sale precinct election on the issue of Sunday sales is approved after meeting the requirements of Section 2 of this Act.*
- (6) 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.
- ~~(7)(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.
- ~~(8)(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 2. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO READ AS FOLLOWS:

- (1) (a) *If the sale of alcoholic beverages is permitted at a licensed small farm winery located in a wet territory, a limited sale precinct election may be held to authorize the sale of alcoholic beverages on Sunday at the small farm winery.*
- (b) *The election shall be held in the same manner as prescribed by KRS 242.020 to 242.040 and 242.060 to 242.120.*
- (c) *The petition seeking a limited sale precinct election under this section shall state, "We the undersigned registered voters hereby petition for an election on the following question: 'Are you in favor of the sale of alcoholic beverages on Sunday at a small farm winery located in (name of territory) between the hours of 1 p.m. and (the prevailing local time for that locality)?"*
- (d) *If the precinct contains a licensed small farm winery, the proposition to be voted on in the limited sale precinct election shall state, "Are you in favor of the sale of alcoholic beverages on Sunday at a licensed small farm winery or wineries located in (name of territory) between the hours of 1 p.m. and (the prevailing time for that locality)?"*
- (2) *Notwithstanding KRS 242.030, a limited sale precinct election to authorize Sunday sales at a small farm winery may be held less than three (3) years after a local option election held in accordance with KRS 242.124 to authorize the sale of wine at that small farm winery.*

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

- (1) Any in-state or out-of-state small farm winery may apply for a small farm winery license. In addition to all other licensing requirements, an applicant for a small farm winery license shall submit with its application a copy of the small farm winery's federal basic permit and proof documenting its annual wine production. An out-of-state winery shall submit additional documentation evidencing its resident state. As part of the application process, an out-of-state winery shall publish its notice of intent, as required by KRS 243.360, in the Kentucky newspaper of highest circulation. The department shall promulgate administrative regulations establishing the form the documentation of proof of production shall take.
- (2) A small farm winery license shall authorize the licensee to perform the following functions without having to obtain separate licenses, except that each small farm winery off-premises retail site shall be separately licensed:
- (a) Manufacture wines and bottle wines produced by that small farm winery;

- (b) Bottle wines produced by another small farm winery;
  - (c) Serve on the premises or at small farm winery off-premise retail sites complimentary samples of wine produced by it in amounts not to exceed six (6) ounces per patron per day, if the small farm winery or its off-premise retail site is located in wet territory;
  - (d) Sell by the drink or by the package on premises, at small farm winery off-premise retail sites, and at fairs, festivals, and other similar types of events, wine produced on the premises of the small farm winery or produced by a licensed small farm winery, at retail to consumers if all sales sites are located in wet territory;
  - (e) Sell and transport wine produced on the premises of the small farm winery to wholesale license holders and small farm winery license holders;
  - (f) Consume on the premises wine produced by the small farm winery or a licensed small farm winery and purchased by the drink or by the package at the licensed premises, if the small farm winery is located in wet territory; and
  - (g) Ship to a customer wine produced by a small farm winery if:
    - 1. The wine is shipped by licensed common carrier; and
    - 2. The amount of wine shipped is limited to two (2) cases per customer per order.
- (3) If a licensed small farm winery is located in a dry or moist territory, KRS 242.230 to 242.430 shall apply, unless a limited local option election is held in accordance with KRS 242.124. If the proposition under KRS 242.124 is approved, a licensed small farm winery within the precinct may sell wine in accordance with subsection (2) of this section.
- (4) ***If the requirements of subsection (5) of Section 1 of this Act relating to Sunday sales on the licensed premises of a small farm winery are met, a small farm winery within that territory may sell alcoholic beverages on Sunday only in accordance with this section between the hours of 1 p.m. until the prevailing time for that locality.***
- (5) Other provisions of this chapter and KRS Chapter 244 notwithstanding, a small farm winery license holder may also hold an NQ2 retail drink license and an NQ4 retail malt beverage drink license if the issuance of these licenses is in connection with the establishment and operation of a restaurant, hotel, inn, bed and breakfast, conference center, or any similar business enterprise designed to promote viticulture, enology, and tourism.
- ~~(6)(5)~~ This section shall not exempt the holder of a small farm winery license from the provisions of KRS Chapters 241, 242, 243, and 244, nor from the administrative regulations of the board, nor from regulation by the board at all premises licensed by the small farm winery, except as expressly stated in this section.
- ~~(7)(6)~~ Nothing contained in this section shall exempt a licensed out-of-state winery from obeying the laws of its resident state.
- ~~(8)(7)~~ Upon the approval of the department, a small farm winery license may be renewed after the licensee submits to the department the winery's federal basic permit and proof of its annual wine production.
- ➔Section 4. KRS 243.260 is amended to read as follows:
- (1) A special temporary license may be issued in wet territory to any regularly organized fair, exposition, racing association, or other party, when in the opinion of the board a necessity therefor exists. This license shall authorize the licensee to exercise the privileges of a quota retail drink licensee and an NQ4 retail malt beverage drink licensee at designated premises for a specified and limited time, not to exceed thirty (30) days, and shall expire when the qualifying event ends. All restrictions and prohibitions applying to a distilled spirits and wine quota retail drink licensee or an NQ4 retail malt beverage drink license shall apply also to a special temporary licensee.
  - (2) A nonprofit organization holding an NQ4 retail malt beverage drink license may be issued a special temporary license to sell distilled spirits and wine by the drink on the licensed premises for a specified and limited time, not to exceed ten (10) days. The temporary license may be issued in conjunction with any public or private event, including but not limited to weddings, reception, reunions, or similar occasions.

- (3) The holder of a special temporary license may sell, serve, and deliver distilled spirits, wine, or malt beverages by the drink, for consumption at the event only in:
- (a) *Those cities or counties where quota retail drink licenses may be issued under KRS 243.230; or*
  - (b) *A city or county that has enacted an economic hardship ordinance under KRS 243.072*~~[of the first, second, or third class, or a county containing a city of the first, second, or third class, or a city of the fourth class approving retail distilled spirits and wine sales under KRS 242.127 and 242.129].~~
- (4) The holder of a special temporary license may only sell, serve, and deliver wine or malt beverages by the drink, for consumption at an event located in all other cities and counties not identified in subsection (3) of this section.
- (5) A special temporary license shall not be issued for an event held in moist territory where only limited alcoholic beverages drink sales have been approved through a moist local option election.

➔SECTION 5. A NEW SECTION OF KRS 244.602 TO 244.606 IS CREATED TO READ AS FOLLOWS:

- (1) *No brewer or importer of malt beverages shall:*
- (a) *Require or request a distributor to pay or convey to the brewer or importer; nor*
  - (b) *Accept any sum of money;*
- in exchange for the right to distribute the product or products of the brewer or importer in a designated territory.*
- (2) *Nothing in this section shall prohibit a brewer or importer of malt beverages from requesting a distributor to pay or contribute any sum of money for or toward the cost of marketing the product or products of the brewer or importer so long as the money contributed by the distributor is spent by the brewer or importer in a manner and at such times as agreed to in writing by the brewer or importer and the distributor.*

Signed by Governor April 10, 2014.