

CHAPTER 62**(HB 183)**

AN ACT relating to alcoholic beverage control.

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 ~~241 to 244~~~~[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, solid, powder, or crystal, 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) "Bed and breakfast" means a one (1) family dwelling unit that:
 - (a) Has guest rooms or suites used, rented, or hired out for occupancy or that are occupied for sleeping purposes by persons not members of the single-family unit;
 - (b) Holds a permit under KRS Chapter 219; and
 - (c) Has an innkeeper who resides on the premises or property adjacent to the premises during periods of occupancy;
- (6) "Board" means the State Alcoholic Beverage Control Board created by KRS 241.030;
- (7) "Bottle" means any container which is used for holding alcoholic beverages for the use and sale of alcoholic beverages at retail;
- (8) "Brewer" means any person who manufactures malt beverages or owns, occupies, carries on, works, or conducts any brewery, either alone or through an agent;
- (9) "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;

- (10) "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;
- (11) "Caterer" means a *person operating a food service business that prepares*~~corporation, partnership, or individual that operates the business of a food service professional by preparing~~ food in a licensed and inspected commissary, *transports*~~transporting~~ the food and alcoholic beverages to the caterer's designated and inspected banquet hall or to *an agreed*~~a~~ location~~selected by the customer~~, and *serves*~~servicing~~ the food and alcoholic beverages *pursuant to an agreement with another person*~~to the customer's guests~~;
- (12) "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;
- (13) "Cider" means any fermented fruit-based beverage containing seven percent (7%) or more alcohol by volume and includes hard cider and perry cider;
- (14) "City administrator" means city alcoholic beverage control administrator;
- (15) "Commercial airport" means an airport through which more than five hundred thousand (500,000) passengers arrive or depart annually;
- (16) "Commercial quadricycle" means a vehicle equipped with a minimum of ten (10) pairs of fully operative pedals for propulsion by means of human muscular power exclusively and which:
- (a) Has four (4) wheels;
 - (b) Is operated in a manner similar to that of a bicycle;
 - (c) Is equipped with a minimum of thirteen (13) seats for passengers;
 - (d) Has a unibody design;
 - (e) Is equipped with a minimum of four (4) hydraulically operated brakes;
 - (f) Is used for commercial tour purposes; and
 - (g) Is operated by the vehicle owner or an employee of the owner;
- (17) "Commissioner" means the commissioner of the Department of Alcoholic Beverage Control;
- (18) "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;
- (19) "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;
- (20) "County administrator" means county alcoholic beverage control administrator;
- (21) "Department" means the Department of Alcoholic Beverage Control;
- (22) "Dining car" means a railroad passenger car that serves meals to consumers on any railroad or Pullman car company;
- (23) "Discount in the usual course of business" means price reductions, rebates, refunds, and discounts given by wholesalers to distilled spirits and wine retailers pursuant to an agreement made at the time of the sale of the merchandise involved and are considered a part of the sales transaction, constituting reductions in price pursuant to the terms of the sale, irrespective of whether the quantity discount was:
- (a) Prorated and allowed on each delivery;

- (b) Given in a lump sum after the entire quantity of merchandise purchased had been delivered; or
 - (c) Based on dollar volume or on the quantity of merchandise purchased;
- (24) "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;
- (25) "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;
- (26) "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;
- (27) "Distributor" means any person who distributes malt beverages for the purpose of being sold at retail;
- (28) "Dry" means a territory in which a majority of the electorate voted to prohibit all forms of retail alcohol sales through a local option election held under KRS Chapter 242;
- (29) "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;
- ~~(30) "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;~~
- ~~(31)~~ "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;
- ~~(31)~~~~(32)~~ "Hotel" means a hotel, motel, or inn for accommodation of the traveling public, designed primarily to serve transient patrons;
- (32) *"Investigator" 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 licensees, 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;*
- (33) "License" means any license issued pursuant to KRS Chapters 241 to 244;
- (34) "Licensee" means any person to whom a license has been issued, pursuant to KRS Chapters 241 to 244;
- (35) "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 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 *preparation and* serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its *food and alcoholic beverage*~~gross~~ receipts 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; *or*
 - (b) *A facility where the usual and customary business is the preparation and serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its food and alcoholic beverage receipts 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 Section 25 of this Act;

- (36) **"Local administrator" means a city alcoholic beverage administrator, county alcoholic beverage administrator, or urban-county alcoholic beverage control administrator;**
- (37) "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;
- ~~(38)(37)~~ "Manufacture" means distill, rectify, brew, bottle, and operate a winery;
- ~~(39)(38)~~ "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person engaged in the production or bottling of alcoholic beverages;
- ~~(40)(39)~~ "Minor" means any person who is not twenty-one (21) years of age or older;
- ~~(41)(40)~~ "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 242.022, 242.123, 242.1238, 242.124, 242.1242, 242.1243, 242.1244, or 242.1292;
- (42) **"Population" means the population figures established by the federal decennial census for a census year or the current yearly population estimates prepared by the Kentucky State Data Center, Urban Studies Center of the University of Louisville, Louisville, Kentucky, for all other years;**
- ~~(43)(41)~~ "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 ~~its~~~~his or her~~ license or obtain a renewal, of the license;
- (44) **"Primary source of supply" or "supplier" means the distiller, winery, brewer, producer, owner of the commodity at the time it becomes a marketable product, bottler, or authorized agent of the brand owner. In the case of imported products, the primary source of supply means either the foreign producer, owner, bottler, or agent of the prime importer from, or the exclusive agent in, the United States of the foreign distiller, producer, bottler, or owner;**
- ~~(45)(42)~~ "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;
- ~~(46)(43)~~ "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;
- ~~(47)(44)~~ "Qualified historic site" means:
- (a) 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~~
- (b) 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;~~
- ~~(c)(a)~~ A distillery which is listed as a National Historic Landmark and which conducts souvenir retail package sales under KRS 243.0305; ~~or~~~~and~~
- ~~(d)(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;~~
- ~~(48)(45)~~ "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;

- (49)~~((46))~~ "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;
- (50)~~((47))~~ "Restaurant" means a facility where the usual and customary business is the *preparation and* serving of meals to consumers, that has a bona fide kitchen facility, and that receives at least fifty percent (50%) of its food and *alcoholic* beverage receipts from the sale of food *at the premises*;
- (51)~~((48))~~ "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;
- ~~((49)) "Retail outlet" means retailer, hotel, motel, restaurant, railroad dining car, club, and any facility where alcoholic beverages are sold directly to the consumers;~~
- (52)~~((50))~~ "Retail sale" means any sale where delivery is made in Kentucky to any consumers;
- (53)~~((51))~~ "Retailer" means any *licensee*~~[person]~~ who sells *and delivers*~~[at retail]~~ any alcoholic beverage *to consumers, except for producers with limited retail sale privileges*~~[for the sale of which a license is required]~~;
- (54)~~((52))~~ "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;
- (55)~~((53))~~ "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;
- (56)~~((54))~~ "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]~~;
- (57)~~((55))~~ "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;
- (58)~~((56))~~ "Small farm winery" means a winery *whose wine production*~~[producing wines, in an amount]~~ *is not less than two hundred fifty (250) gallons and not greater than*~~[to exceed]~~ one hundred thousand (100,000) gallons in a calendar year;
- (59)~~((57))~~ "Souvenir package" means a special package of distilled spirits available from a licensed retailer that is:
- (a) Available for retail sale at a licensed Kentucky distillery where the distilled spirits were produced or bottled; or
 - (b) Available for retail sale at a licensed Kentucky distillery but produced or bottled at another of that distiller's licensed distilleries in Kentucky;
- (60)~~((58))~~ "State *administrator*~~[director]~~" or "*administrator*" means the~~[- director of the Division of]~~ distilled spirits *administrator* or the~~[- director of the Division of]~~ malt beverages *administrator*, or both, as the context requires;
- (61)~~((59))~~ "State park" means a state park that has a:
- (a) Nine (9) or eighteen (18) hole golf course; or
 - (b) Full-service lodge and dining room~~[- and may include a nine (9) or eighteen (18) hole golf course]~~;
- (62)~~((60))~~ "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]~~;
- (63)~~((61))~~ "Territory" means a county, city, district, or precinct;
- (64) "*Urban-county administrator*" means an *urban-county alcoholic beverage control administrator*;
- (65)~~((62))~~ "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;

- (66)~~((63))~~ "Warehouse" means any place in which alcoholic beverages are housed or stored;
- (67)~~((64))~~ "Weak cider" means any fermented fruit-based beverage containing more than one percent (1%) but less than seven percent (7%) alcohol by volume;
- (68)~~((65))~~ "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 ~~or~~ ~~[,] 242.125~~ ~~[, or 242.1292]~~ on the following question: "Are you in favor of the sale of alcoholic beverages in (name of territory)?";
- (69)~~((66))~~ "Wholesale sale" means a sale to any person for the purpose of resale;
- (70)~~((67))~~ "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;
- (71)~~((68))~~ "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; and
- (72)~~((69))~~ "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 241.015 is amended to read as follows:

There is created a Department of Alcoholic Beverage Control, which shall constitute a statutory administrative department of the state government within the meaning of KRS Chapter 12. The department consists of the commissioner of alcoholic beverage control and the Alcoholic Beverage Control Board. The commissioner shall head the department, shall be its executive officer, and shall have charge of the administration of the department and perform all functions of the department not specifically assigned to the board. The Governor shall appoint as commissioner a person with administrative experience in the field of alcoholic beverage control~~[- The commissioner shall be appointed for a term of four (4) years].~~

➔Section 3. KRS 241.020 is amended to read as follows:

- (1) The department shall administer statutes relating to, and regulate traffic in, alcoholic beverages, except that the collection of taxes shall be administered by the Department of Revenue. *The department may issue advisory opinions and declaratory rulings related to KRS Chapters 241 to 244 and the administrative regulations promulgated under those chapters.*
- (2) A Division of Distilled Spirits, under the supervision of the board, shall administer the laws in relation to traffic in distilled spirits and wine.
- (3) A Division of Malt Beverages, under the supervision of the board, shall administer the laws in relation to traffic in malt beverages.

➔Section 4. KRS 241.030 is amended to read as follows:

The Alcoholic Beverage Control Board shall consist of the commissioner of alcoholic beverage control and two (2) persons appointed by the secretary of the Public Protection Cabinet with the approval of the Governor, who shall be persons with administrative experience in the field of alcoholic beverage control~~[- and who shall serve for terms of four (4) years each].~~ One (1) of ~~these~~ ~~[such]~~ persons shall serve as ~~administrator~~ ~~[director]~~ of the Division of Distilled Spirits, and the other shall serve as ~~administrator~~ ~~[director]~~ of the Division of Malt Beverages. The commissioner shall be chairman of the board.

➔Section 5. KRS 241.060 is amended to read as follows:

The board shall have the following functions, powers, and duties:

- (1) To promulgate reasonable administrative regulations governing procedures relative to the applications for and revocations of licenses, the supervision and control of the use, manufacture, sale, transportation, storage, advertising, and trafficking of alcoholic beverages, and all other matters over which the board has jurisdiction. Administrative regulations need not be uniform in their application but may vary in accordance with reasonable classifications;

- (2) To limit in its sound discretion the number of licenses of each kind or class to be issued in this state or any political subdivision, and restrict the locations of licensed premises. To this end, the board may make reasonable division and subdivision of the state or any political subdivision into districts. Administrative regulations relating to the **approval, denial**~~[granting, refusal]~~, and revocation of licenses may be different within the several divisions or subdivisions;
- (3) To hold hearings in accordance with the provisions of KRS Chapter 13B. The department may pay witnesses the per diem and mileage provided in KRS 421.015;
- (4) To conduct hearings and appeals under KRS 241.150, 241.200, **241.260**, 243.470, and 243.520 and render final orders upon the subjects of the hearings and appeals;
- (5) To **order the destruction of**~~[destroy]~~ evidence in the department's possession after all administrative and judicial proceedings are conducted;
- (6) To suspend, revoke, or cancel for cause, after a hearing in accordance with KRS Chapter 13B, any license ~~issued under KRS 243.020 to 243.670~~; **and**
- (7) To prohibit the issuance of a license for the premises until the expiration of two (2) years from the time the offense was committed if a violation of KRS **Chapters**~~[Chapter]~~ 241 **to**~~[, KRS 243.020 to 243.670, or KRS Chapter]~~ 244 has taken place on the premises which the owner knew of or should have known of, or was committed or permitted in or on the premises owned by the licensee~~;~~ **and**
- ~~(8) To suspend a license for any cause for which the board is authorized to exercise its discretion as to revoking a license.~~

➔Section 6. KRS 241.080 is amended to read as follows:

The ~~director of the Division of]~~ distilled spirits **administrator** may **approve and** issue or **deny**~~[refuse to issue]~~ any state license~~[provided for in KRS 243.020 to 243.670]~~ authorizing traffic in distilled spirits and wine. The ~~director of the Division of]~~ malt beverages **administrator** may **approve and** issue or **deny**~~[refuse to issue]~~ any state license~~[provided for in KRS 243.020 to 243.670]~~ authorizing traffic in malt beverages. **Both the distilled spirits administrator and the malt beverages administrator may approve and issue or deny state licenses authorizing the traffic in alcoholic beverages.**

➔Section 7. KRS 241.090 is amended to read as follows:

State **administrators**~~[directors]~~ and all **investigators**~~[field representatives]~~ shall have the full police powers of peace officers, and their jurisdiction shall be coextensive with the state. They may inspect any premises where alcoholic beverages are manufactured, sold, stored, or otherwise trafficked in, without first obtaining a search warrant. They may confiscate any contraband property.

➔SECTION 8. KRS 241.100 IS REPEALED AND REENACTED TO READ AS FOLLOWS:

The commissioner, distilled spirits administrator, malt beverage administrator, and all department employees shall comply with the Executive Branch Code of Ethics codified in KRS Chapter 11A. A board member or department employee who violates this section may be disqualified from office or employment.

➔Section 9. KRS 241.110 is amended to read as follows:

- (1) The fiscal court of any county in which traffic in alcoholic beverages is not forbidden under KRS Chapter 242 may by resolution declare that regulation of the traffic in that county is necessary. The county judge/executive shall **immediately**~~[thereupon]~~ constitute a county alcoholic beverage control administrator for the county. However, the county judge/executive may decline to accept **this**~~[said]~~ office, or after accepting **the office, the county judge/executive**~~[same he]~~ may resign **from the office**~~[therefrom]~~, and in either event, notwithstanding the provisions of KRS 241.120 to and including KRS 241.150, **the county judge/executive**~~[he]~~ may **promptly**~~[thereupon]~~ appoint a person at least thirty (30) years of age, who at the time of **the**~~[his]~~ appointment has been a citizen of the state and a resident of that county for at least two (2) years next preceding the date of appointment, and who is able to qualify to serve at the pleasure of the county judge/executive as county alcoholic beverage control administrator for **that**~~[such]~~ county. Before entering upon **the**~~[his]~~ duties ~~of~~~~[as such] county alcoholic beverage control administrator appointed by the county judge/executive, the appointee shall take the oath prescribed by Section 228 of the Constitution [and execute a bond with a good corporate surety in the penal sum of one thousand dollars (\$1,000). The cost of the bond shall be borne by the county].~~ Upon the qualification **and appointment of this**~~[such]~~ person as county alcoholic beverage control administrator for **the**~~[such]~~ county, **the person**~~[he]~~ shall immediately notify the **department**~~[board]~~.

- (2) ~~The functions of such county alcoholic beverage control administrator, appointed by the county judge/executive, shall be the same as set out in KRS 241.140.~~
- (3) The compensation of ~~the~~^{such} county alcoholic beverage control administrator, appointed by the county judge/executive, shall be fixed by the fiscal court in accordance with KRS 64.530. The county judge/executive may also appoint ~~any~~^{such} investigators and clerks ~~as are~~ deemed necessary for the proper conduct of ~~the~~^{such} county alcoholic beverage control administrator's office, their salaries likewise shall be fixed by the fiscal court pursuant to KRS 64.530, and they will serve at the pleasure of the county judge/executive.
- (3)~~(4)~~ No person shall be a county alcoholic beverage control administrator, ~~as herein provided for,~~ an investigator, or an employee of the county under the supervision of ~~the~~^{such} county alcoholic beverage control administrator, who would be disqualified to be a member of the board under KRS 241.100.
- (4)~~(5)~~ The ~~said~~ county alcoholic beverage control administrator, appointed by the county judge/executive, and ~~the administrator's~~^{his} investigators, shall have full police powers of peace officers, and their jurisdiction shall be over the unincorporated areas of ~~the~~^{such} county and within the corporate limits of any city *in the county*~~therein~~ not having its own administrator. They may inspect any premises where alcoholic beverages are manufactured, sold, stored, or otherwise trafficked in, without first obtaining a search warrant.
- (5) ***Before entering upon official duties, each county administrator shall take the oath prescribed in Section 228 of the Constitution.***
- ~~(6) Appeals from any order of such county alcoholic beverage control administrator, appointed by the county judge/executive, shall be made pursuant to KRS 241.150.~~

➔Section 10. KRS 241.140 is amended to read as follows:

Each county administrator shall have the same duties and functions regarding local license applications and renewals as the department with respect to state licenses. Each county administrator shall have the same duties and functions regarding local license penalization as the board with respect to state license penalization~~The functions of each county administrator shall be the same, with respect to local licenses and regulations, as the functions of the board with respect to state licenses and regulations, except that no regulation adopted by a county administrator may be less stringent than statutes relative to alcoholic beverage control or than the regulations of the board. If any city appoints its own administrator under KRS 241.160~~[241.170]~~, the county administrator in that county shall have jurisdiction over only that portion of the county which lies outside the corporate limits of that city, unless ~~the department determines that~~ the city does not have an adequate police force ~~of its own or under KRS 70.540, 70.150, 70.160, and 70.170~~.~~

➔Section 11. KRS 241.150 is amended to read as follows:

Appeals from ***a decision or order***~~the orders~~ of a county administrator may be taken to the board by filing ***a notice of appeal*** with the board within thirty (30) days ***after the decision or order***~~a certified copy of the orders~~ of the county administrator ***is mailed or delivered by personal service. The notice of appeal shall specify the county administrator by name and shall identify the decision or order, or part of the decision or order, being appealed. The notice shall contain a certificate that a copy of the notice has been served on the county administrator and shall be accompanied by a copy of the decision or order being appealed.*** Matters at issue shall be heard by the board as upon an original proceeding. Appeals from ***decisions or orders*** of the county administrator shall be governed by KRS Chapter 13B.

➔Section 12. KRS 241.160 is amended to read as follows:

- (1) The legislative body of any wet or moist city with a population equal to or greater than three thousand (3,000)~~based upon the most recent federal decennial census~~ or a consolidated local government shall by ordinance create the office of city alcoholic beverage control administrator, or shall assign the duties of this office to a presently established city office.
- (2) Except as provided in ***subsection (3) of this section***~~KRS 241.170(1)(b)~~, the legislative body of any wet or moist city with a population of less than three thousand (3,000)~~based on the most recent federal decennial census~~ may, by ordinance, create the office of city alcoholic beverage control administrator or shall assign the duties of the office to a presently established office.
- (3) ***If located in a county containing a consolidated local government, cities with a population of less than three thousand (3,000) shall not create the office of city alcoholic beverage control administrator. Any city under this subsection that had created the office of city alcoholic beverage control and appointed a person to that office prior to August 1, 2014, shall not be prohibited by this subsection.***

➔Section 13. KRS 241.170 is amended to read as follows:

- (1) ~~[(a)]~~ The city administrator in each city of the first class or the administrator in a consolidated local government, and ~~any[such]~~ investigators and clerks ~~[as are]~~ deemed necessary for the proper conduct of ~~this[his]~~ office, shall be appointed by the mayor. The city administrator in each city of the first class or the administrator in a county containing a consolidated local government, and ~~the administrator's[his]~~ investigators, shall have full police powers of peace officers, and their jurisdiction shall be coextensive with boundaries of the city of the first class or the boundaries of the county in a county containing a consolidated local government. They may inspect any premises where alcoholic beverages are manufactured, sold, stored, or otherwise trafficked in, without first obtaining a search warrant.
- ~~[(b)] Only those cities with a population equal to or greater than three thousand (3,000) or more based upon the most recent federal decennial census, or those cities with a population of less than three thousand (3,000) based upon the most recent federal decennial census that had appointed an administrator prior to August 1, 2014, that are located in a county containing a consolidated local government are authorized to appoint an administrator. If a city authorized under this paragraph appoints its own administrator under this paragraph and KRS 241.160, the administrator of a consolidated local government in that county shall have jurisdiction over only that portion of the county which lies outside the corporate limits of such a city, unless the department determines that the city does not have an adequate police force of its own or pursuant to KRS 70.150, 70.160, 70.170, and 70.540.]~~
- (2) The city administrator in each city, other than a consolidated local government, shall be appointed by the city manager if there is one. If there is no city manager, the city administrator shall be appointed by the mayor.
- (3) No person shall be an administrator, an investigator, or an employee of the city or a consolidated local government under the supervision of the administrator, who would be disqualified to be a member of the board under KRS 241.100.
- (4) ***Before entering upon official duties, each city administrator shall take the oath prescribed in Section 228 of the Constitution. An appointed city alcoholic beverage control administrator shall immediately notify the department of qualification and appointment.***

➔Section 14. KRS 241.190 is amended to read as follows:

Each city administrator shall have the same duties and functions regarding local license applications and renewals as the department with respect to state licenses. Each city administrator shall have the same duties and functions regarding local license penalization as the board with respect to state license penalization. ~~[The functions of each city administrator shall be the same with respect to city licenses and regulations as the functions of the board with respect to state licenses and regulations, except that no regulation adopted by a city administrator may be less stringent than the statutes relating to alcoholic beverage control or than the regulations of the board].~~

➔Section 15. KRS 241.200 is amended to read as follows:

Appeals from ***a decision or order*** ~~[the orders]~~ of each city administrator may be taken to the board by filing ***a notice of appeal*** with the board within thirty (30) days ***after the decision or order*** ~~[a certified copy of the orders]~~ of the city administrator ***is mailed or delivered by personal service. The notice of appeal shall specify the city administrator by name and shall identify the decision or order, or part of the decision or order, being appealed. The notice shall contain a certificate that a copy of the notice has been served on the city administrator and shall be accompanied by a copy of the decision or order being appealed.*** Matters at issue shall be heard by the board as upon an original proceeding. Appeals from ***decisions or orders*** of the city administrator shall be governed by KRS Chapter 13B.

➔Section 16. KRS 241.230 is amended to read as follows:

- (1) The urban-county administrator in each urban-county government and ~~any[such]~~ investigators and clerks ~~[as are]~~ deemed necessary for the proper conduct of ~~the[his]~~ office, shall be appointed by the mayor. The urban-county administrator, and ~~the urban-county administrator's[his]~~ investigators, shall have full police powers of peace officers, and their jurisdiction shall be coextensive with ~~the[such]~~ urban-county governments. They may inspect any premises where alcoholic beverages are manufactured, sold, stored, or otherwise trafficked in, without first obtaining a search warrant.
- (2) No person shall be an urban-county administrator, an investigator, or an employee of the urban-county government under the supervision of the urban-county administrator, who would be disqualified to be a member of the board under KRS 241.100.

- (3) *Before entering upon official duties, each urban-county administrator shall take the oath prescribed in Section 228 of the Constitution. An appointed urban-county alcoholic beverage control administrator shall immediately notify the department of qualification and appointment.*

➔Section 17. KRS 241.250 is amended to read as follows:

Each urban-county administrator shall have the same duties and functions regarding local license applications and renewals as the department with respect to state licenses. Each urban-county administrator shall have the same duties and functions regarding local license penalization as the board with respect to state license penalization~~[The functions of each urban county administrator shall be the same with respect to urban county licenses and regulations as the functions of the board with respect to state licenses and regulations, except that no regulation adopted by an urban county administrator may be less stringent than the statutes relating to alcoholic beverage control or than the regulations of the board].~~

➔Section 18. KRS 241.260 is amended to read as follows:

Appeals from *a decision or order*~~[the orders]~~ of each urban-county administrator may be taken to the board by filing *a notice of appeal* with the board within thirty (30) days *after the decision or order*~~[a certified copy of the orders]~~ of the urban-county administrator *is mailed or delivered by personal service. The notice of appeal shall specify the urban-county administrator by name and shall identify the decision or order, or part of the decision or order, being appealed. The notice shall contain a certificate that a copy of the notice has been served on the urban-county administrator and shall be accompanied by a copy of the decision or order being appealed.* Matters at issue shall be heard by the board as upon an original proceeding. Appeals from *decisions or orders* of the urban-county administrator shall be governed by KRS Chapter 13B.

➔Section 19. KRS 242.022 is amended to read as follows:

- (1) (a) To promote economic development and tourism in any dry or moist county or city in which a state park is located, a local option election for the limited sales of alcoholic beverages by the drink may be held in a city or county precinct where the state park's qualifying lodge or golf course is located~~[notwithstanding any other provision of the Kentucky Revised Statutes].~~
- (b) A petition seeking a local option election under this section shall state "We the undersigned registered voters hereby petition for an election under KRS 242.022 on the following question: 'Are you in favor of the sale of alcoholic beverages by the drink at the state park located in (name of precinct)'?"
- (2) A local option election for the limited sale of alcoholic beverages by the drink held under subsection (1) of this section shall be conducted in the same manner as specified in KRS 242.020 ~~to~~~~;~~ 242.030(1), (2), and (5); 242.040; and 242.060 to 242.120. The form of the proposition to be voted upon shall be "Are you in favor of the sale of alcoholic beverages by the drink at the state park located in the (name of precinct)'?"
- (3) When a majority of the votes cast at an election held under subsections (1) and (2) of this section are in favor of establishing moist territory, the entire state park shall become moist in the manner specified in KRS 242.200.

➔Section 20. KRS 242.030 is amended to read as follows:

- (1) The date of the local option election may be stated in the petition for election. If the date is not stated, it shall be designated by the county judge/executive.
- (2) The local option election shall be held not earlier than sixty (60) nor later than *one hundred fifty (150)*~~[ninety (90)]~~ days after the date the petition is filed with the county clerk.
- ~~(3) [The local option election shall not be held on the same day that a primary or general election is held in the territory or any part of the territory, nor within thirty (30) days next preceding or following a regular political election.~~
- ~~(4) [A local option election in any territory less than the county shall not be held on the same day on which an election for the entire county is held, except as approved in KRS 242.125.~~
- ~~(5) [No local option election shall be held in the same territory more than once in every three (3) years.~~

➔Section 21. KRS 242.123 is amended to read as follows:

- (1) (a) To promote economic development and tourism in *any dry or moist*~~[a]~~ county *or*~~[containing a wet or moist]~~ city,~~[with the exception of a moist territory in accordance with KRS 242.1292(1),]~~ 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 KRS 242.123 on the following question: 'Are you in favor of the sale of alcoholic beverages by the drink at **a golf course or courses**~~[(name of golf course)]~~ in the (name of precinct)?"
- (2) A local option election for the limited sale of alcoholic beverages ~~authorized by~~~~held under~~ subsection (1) of this section shall be **held in accordance with KRS 242.020 to 242.040, and 242.060 to 242.120.~~[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 **a golf course or courses**~~[(name of golf course)]~~ in the (name of precinct)?"**

➔Section 22. KRS 242.124 is amended to read as follows:

- (1) If a licensed small farm winery is located in a dry or moist territory, the small farm winery shall remain dry or moist unless sales at the small farm winery are approved through a local option election held in accordance with the provisions of this section.
- (2) **A local option election for the limited sale of alcoholic beverages may be held in a dry or moist city or county precinct where a small farm winery is located**~~[limited sale precinct election may be held in a precinct containing a licensed small farm winery or a proposed small farm winery located in a dry territory. The election shall be held in the same manner as prescribed by KRS 242.020 to 242.120].~~
- (3) A petition seeking a local option 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**~~[wine]~~ at ~~a~~~~[(name of the licensed or proposed)]~~ small farm winery or wineries **located in (name of precinct)**?"
- (4) **A local option election for the limited sale of alcoholic beverages authorized by subsection (2) of this section shall be held in accordance with KRS 242.020 to 242.040, and 242.060 to 242.120. The form of the proposition to be voted upon shall be:**~~[If the precinct contains a licensed small farm winery or a proposed small farm winery, the proposition to be voted on in the limited local option election shall state.]~~ "Are you in favor of the sale of **alcoholic beverages**~~[wine]~~ at ~~a~~~~[(name of the licensed or proposed)]~~ small farm winery or wineries **located in (name of precinct)**?"

➔Section 23. KRS 242.1241 is amended to read as follows:

- (1) (a) If the sale of alcoholic beverages is permitted at a licensed small farm winery located in a wet **or moist** territory, a limited sale precinct election may be held to authorize the sale of alcoholic beverages on Sunday at the small farm winery.
- (b) **A local option election authorized under this subsection shall be held in accordance with**~~[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 **precinct**~~[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 **precinct**~~[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 **alcoholic beverages**~~[wine]~~ at that small farm winery.

➔Section 24. KRS 242.1242 is amended to read as follows:

- (1) (a) To promote economic development and tourism in any dry or moist county or city in which a qualified historic site is located, a local option election for the limited sales of alcoholic beverages by the drink

may be held in the precinct of the county where the qualified historic site is located, notwithstanding any other provision of the Kentucky Revised Statutes.

- (b) A petition seeking a local option election under this section shall state "We the undersigned registered voters hereby petition for an election under this section on the following question: 'Are you in favor of the sale of alcoholic beverages by the drink at qualified historic sites in (name of precinct)?'".

- (2) A local option election for the limited sale of alcoholic beverages by the drink held under subsection (1) of this section shall be conducted in the same manner as specified in KRS 242.020 ~~to~~, 242.030(1), (2), and (5); 242.040; and 242.060 to 242.120. The form of the proposition to be voted upon shall be "Are you in favor of the sale of alcoholic beverages by the drink at qualified historic sites in the (name of precinct)?".

➔Section 25. KRS 242.1244 is amended to read as follows:

- (1) (a) In order to promote economic development and tourism, ~~other provisions of the Kentucky Revised Statutes notwithstanding,~~ a dry or moist city or county may ~~by petition in accordance with KRS 242.020,~~ hold a local option election on the sale of alcoholic beverages by the drink at restaurants ~~and dining facilities~~ that seat a minimum of fifty (50) persons and derive a minimum of seventy percent (70%) of their **food and alcoholic beverage** ~~gross~~ receipts from the sale of food if alcoholic beverages are purchased in conjunction with a meal. A petition seeking a local option election under this subsection 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 by the drink at restaurants ~~and dining facilities~~ with a seating capacity of at least fifty (50) persons and which derive at least seventy percent (70%) of their **food and alcoholic beverage** ~~gross~~ receipts from the sale of food if the alcoholic beverage is purchased in conjunction with a meal?'".
- (b) The election shall be held in accordance with KRS **242.020** ~~to~~ ~~242.030(1), (2), and (5),~~ 242.040, and 242.060 to 242.120. ~~and~~ The **form of the proposition to be voted upon shall be:** ~~on the ballot shall state~~ "Are you in favor of the sale of alcoholic beverages by the drink in (name of city or county) at restaurants ~~and dining facilities~~ with a seating capacity of at least fifty (50) persons and which derive at least seventy percent (70%) of their **food and alcoholic beverage** ~~gross~~ receipts from the sale of food if the alcoholic beverage is purchased in conjunction with a meal?". If the majority of the votes in an election held pursuant to this subsection are "Yes," licenses may be issued to qualified restaurants ~~and dining facilities, and the licensees may be regulated and taxed in accordance with KRS 243.072~~.
- (2) (a) In order to promote economic development and tourism, ~~other provisions of the Kentucky Revised Statutes notwithstanding,~~ a dry or moist city or county may ~~by petition in accordance with KRS 242.020,~~ hold a local option election on the sale of alcoholic beverages by the drink at restaurants and dining facilities which seat a minimum of one hundred (100) persons and derive a minimum of seventy percent (70%) of their **food and alcoholic beverage** ~~gross~~ receipts from the sale of food.
- (b) A petition seeking a local option election under this subsection 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 by the drink in (name of city or county) at restaurants and dining facilities with a seating capacity of at least one hundred (100) persons and which derive at least seventy percent (70%) of their **food and alcoholic beverage** ~~gross~~ receipts from the sale of food?'".
- (c) The election shall be held in accordance with KRS **242.020** ~~to~~ ~~242.030(1), (2), and (5),~~ 242.040, and 242.060 to 242.120. ~~and~~ The **form of the proposition to be voted upon shall be:** ~~on the ballot shall state~~ "Are you in favor of the sale of alcoholic beverages by the drink in (name of city or county) at restaurants and dining facilities with a seating capacity of at least one hundred (100) persons and which derive at least seventy percent (70%) of their **food and alcoholic beverage** ~~gross~~ receipts from the sale of food?". If the majority of the votes in an election held pursuant to this subsection are "Yes," licenses may be issued to qualified restaurants and dining facilities ~~and the licensees may be regulated and taxed in accordance with KRS 243.072~~.
- (3) A local option proposition under subsection (1) of this section is a separate proposition than a local option proposition held under subsection (2) of this section, so that a separate limited local option election ~~is required for sales~~ under each subsection **is permitted**. A territory may, by separate limited local option elections, simultaneously allow alcoholic beverage sales under subsections (1) and (2) of this section. A territory may also hold a limited local option election to allow alcoholic beverage sales under either subsection (1) or (2) of this section without authorizing alcoholic beverage sales under the other subsection.

➔Section 26. KRS 242.125 is amended to read as follows:

- (1) A city shall not be deemed to be the "same territory" as that of a county within the meaning of *subsection (3) of Section 20 of this Act* ~~[KRS 242.030(5)]~~. A city shall have the right to determine its wet or dry status separate from a county's wet or dry status.
- (2) A dry or moist city may hold a local option election to take the sense of the city residents for establishing the city as a wet territory. If the majority of the votes are in favor of establishing the city as a wet territory, the whole city shall become wet territory by application of KRS 242.200. *A moist city that becomes wet under this section shall retain its moist status and have dual status as both wet and moist.*
- (3) Once a city *becomes wet* ~~[votes]~~ under this section ~~[to become wet territory]~~ separate from the county, a countywide local option election establishing the county as dry ~~[or moist]~~ territory shall not cause the city to become dry ~~[or moist]~~ territory.
- (4) *Once a city becomes wet under this section separate from a county, a countywide local option election establishing the county as moist territory shall cause the city to have dual status as both wet and moist.*
- (5) A wet city may hold a local option election to take the sense of the city residents for establishing the city as a dry or moist territory. If the majority of the votes are in favor of establishing the city as a dry ~~[or moist territory]~~, the whole city shall become dry ~~[or moist territory]~~ by application of KRS 242.190. *A wet city that becomes moist under this section shall retain its wet status and have dual status as both wet and moist.*
- ~~(6)(5)~~ If a city votes to become wet territory, a precinct of the city may hold a later election in conformity with this chapter to take the sense of the city precinct residents for establishing the city precinct as a dry or moist territory. If the majority of the votes are in favor of establishing the city precinct as a dry or moist territory, the city precinct shall become dry or moist territory by application of KRS 242.190.
- ~~(7)(6)~~ If a city precinct becomes dry or moist territory separate from a wet city, the city precinct may hold a later election in conformity with this chapter, to take the sense of the city precinct residents for reestablishing the city precinct as a wet territory. If the majority of the votes are in favor of reestablishing the city precinct as a wet territory, the city precinct shall become wet territory by application of KRS 242.200.
- ~~(8)(7)~~ A dry or moist county containing a wet city may hold a local option election to take the sense of the county residents for establishing the county as a wet territory. If the majority of the votes are in favor of establishing the county as a wet territory, the whole county shall become wet territory by application of KRS 242.200.
- ~~(9)(8)~~ A wet county containing a wet city by separate city election under this section may hold a local option election to take the sense of the county residents for establishing the county as a dry or moist territory. If the majority of the votes are in favor of establishing the county as a dry ~~[or moist]~~ territory, the county territory outside the *separately* wet city limits shall become dry ~~[or moist territory]~~ by application of KRS 242.190. *If the majority of the votes are in favor of establishing the county as moist territory, both the county and city shall retain their wet status and have dual status as both wet and moist.*
- ~~(10)(9)~~ Residents of any city, including a separately wet city, are residents of the county, and shall therefore be permitted to sign any petitions for, and vote in, county local option elections ~~[under this section]~~.
- ~~(11)(10)~~ A petition seeking a *wet* local option 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 in (name of county, city, or precinct)?'".
- ~~(12)(11)~~ In any *wet* local option election under this section, the *form of the* proposition to be voted upon shall ~~be: [state]~~ "Are you in favor of the sale of alcoholic beverages in (name of county, city, or city precinct)?".
- ~~(13)(12)~~ The status of any moist territory approving limited alcoholic beverage sales through a previous election held under KRS 242.123, **242.1238**, 242.124, 242.1242, **242.1243**, ~~and~~ 242.1244, **and Sections 19 and 27 of this Act**, or any other limited local option election, shall not be affected by any outcome of any *wet* election held under this section. A territory's *wet or* moist status may only be changed *to dry status* by a local option election *in which the majority of the votes are not in favor of* ~~on~~ the original same *wet or* moist election proposition.

➔Section 27. KRS 242.1292 is amended to read as follows:

- (1) The provisions of this section shall be applicable only in any city with a population equal to or greater than twenty thousand (20,000) based upon the most recent federal decennial census notwithstanding any other

provisions of this chapter relating to the wet or moist status in any county, city, or territory which may be to the contrary.

- (2) In any city meeting the population requirements of subsection (1) of this section that is dry or moist in all or part of the city, and upon a determination that an economic hardship exists in one (1) or more of the voting precincts of the city in the manner prescribed in subsection (11) of this section, the governing body of the city shall by ordinance designate the precinct or precincts as a limited sale precinct or precincts and shall provide for an election to be held in the precinct or precincts to take the sense of the people of each precinct as to making that precinct wet territory. A petition seeking a local option 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 in (official name of precinct)'?"
- (3) The election shall be held in the precinct or precincts in the manner prescribed in this chapter. The election shall not be deemed to be an election in the "same territory" within the meaning of subsection (3) of **Section 20 of this Act**~~{(5) of KRS 242.030}~~.
- (4) The question shall be presented to the voters in conformance with the requirements of KRS 242.050 except that the form of the proposition shall be, "Are you in favor of the sale of alcoholic beverages in (official name and designation of precinct)?"
- (5) If a majority of the votes cast in any limited sale precinct in which an election is held under this section are in favor of the sale of alcoholic beverages in that precinct, the governing body of the city shall by ordinance create or provide for the office of city alcoholic beverage control administrator.
- (6) The governing body of the city shall adopt the comprehensive regulatory ordinance covering the licensing and operation of establishments for the sale of alcoholic beverages, including, but not limited to, distilled spirits and malt beverages, within a limited sale precinct as set forth in this section. In relation to the ordinances established by a city meeting the population requirements of subsection (1) of this section under this subsection and subsection (7) of this section, review by the board, if any, shall be limited to a determination that the ordinances do not exceed the limits established for sale by statute, or administrative regulations promulgated by the board under those statutes. In its discretion the governing body shall provide without review by the board that:
 - (a) Only three (3) licenses permitting the package sale at retail of alcoholic beverages shall be granted within the territorial limits of any limited sale precinct.
 - (b) Only four (4) licenses to sell alcoholic beverages by the drink for consumption on the premises by the general public shall be granted in any one (1) limited sale precinct. One (1) license in each limited sale precinct may be reserved for any newly established hotel, motel, or inn containing not less than fifty (50) sleeping units and having dining facilities for not less than one hundred (100) persons. The remaining three (3) licenses may be granted to a hotel, motel, or inn meeting the ~~stated~~ requirements of **this section** or to bona fide restaurants open to the general public having dining facilities for not less than one hundred (100) persons. Additional licenses to sell alcoholic beverages by the drink for consumption on the premises may be granted to social membership clubs established and maintained for the benefit of members of bona fide fraternal or veterans organizations.
- (7) The governing body of the city may also incorporate in the regulatory ordinance any other reasonable rules and regulations as it deems, necessary or desirable for the proper administration and enforcement of this section, for the maintenance of public order in a limited sale precinct, and for the issuance of any licenses permitted by KRS 243.070.
- (8) Notwithstanding any limitations imposed on the city's taxing or licensing power by KRS 243.070, once any limited sale precinct has been established as wet territory, the governing body of the city may impose a regulatory license fee upon the gross receipts of each establishment located **in the precinct**~~{therein}~~ and licensed to sell alcoholic beverages. The regulatory license fee may be levied at the beginning of each city budget period at the percentage rate~~{as shall be}~~ reasonably estimated to fully reimburse the city for the estimated costs of any additional policing, regulatory, or administrative expenses related to the sale of alcoholic beverages in the city. 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 pursuant to KRS 243.070.
- (9) Subject to the limitation imposed by subsection (3) of this section, no provision contained in this section providing for the establishment of a limited sale precinct shall preclude or abridge the right of the constitutionally qualified voters of the precinct to petition for a subsequent election on the same question.

- (10) If an election is held pursuant to other provisions of KRS Chapter 242 in the city or the county in which a limited sale precinct is located for the purpose of taking the sense of the voters upon the question of the entire city or the entire county becoming dry, wet, or moist, the status of that question in a limited sale precinct shall be determined in the following manner:
- (a) The status of a limited sale precinct shall not be affected by any election for the entire city or the entire county if the limited sale precinct was established less than five (5) years prior to the date of the proposed election for the entire city or the entire county and if so the voters of any limited sale precinct shall not vote in the election.
 - (b) If the limited sale precinct was established more than five (5) years prior to the date of the proposed election for the entire city or the entire county, the voters within each limited sale precinct shall be presented with the question, "Are you in favor of continuing the sale of alcoholic beverages in (official name and designation of precinct) as a limited sale precinct?". No other question shall be presented to the voters of any limited sale precinct.
 - (c) The votes of each limited sale precinct shall be counted separately, and, if a majority of the votes cast in the limited sale precinct are in favor of continuing the sale of alcoholic beverages **in the precinct**~~(therein)~~ as a limited sale precinct, then the status shall continue within the precinct, except that if the city or the county in which the limited sale precinct is located votes wet in the remainder of the city or the county, the limited sale precinct status of any precinct may be terminated by the governing body of the city or the county and~~(thereafter)~~ the status of the precinct shall be the same as that in effect for the remainder of the city or the county.
- (11) Any precinct located entirely within any city meeting the population requirements of subsection (1) of this section that is dry in all or part of the city shall be designated as a limited sale precinct by the governing body of the city if:
- (a) The governing body determines to its satisfaction that the general trade, business, and economy of one (1) or more of the precincts within the city is substantially, adversely affected by the legal sale of alcoholic beverages in any neighboring or adjoining state, county, city, town, district, or precinct. For the purpose of making this determination, the governing body may hold hearings, examine witnesses, or receive evidence as it believes necessary or desirable for the purpose; or
 - (b) The governing body receives a petition signed by a number of constitutionally qualified voters of a precinct equal to thirty-three percent (33%) of the votes cast in the precinct at the last preceding general election requesting the governing body of the city to designate the precinct as a limited sale precinct. The petition may consist of one (1) or more separate units and shall be filed with the mayor of the city. In addition to the name of the voter, the petition shall also state **the voter's**~~(his or her)~~ post office address and the correct date upon which **the voter's**~~(his or her)~~ name is signed. Upon receipt of the petition, the mayor shall present it to the governing body of the city at its next regularly scheduled meeting and, after verifying that the petition is in compliance with the requirements of this section, the governing body shall~~(forthwith)~~ by ordinance **immediately** designate the precinct to be a limited sale precinct.

➔SECTION 28. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO READ AS FOLLOWS:

- (1) *A sampling license may be issued to the holder of:*
- (a) *A quota retail drink license;*
 - (b) *A quota retail package license;*
 - (c) *An NQ1 license;*
 - (d) *An NQ2 license; or*
 - (e) *A distiller's license.*
- (2) *A sampling license shall authorize the licensee to allow customers to sample, free of charge, distilled spirits and wine under the following conditions:*
- (a) *Sampling shall be permitted only on licensed premises and by licensees holding a sampling license, during regular business hours;*
 - (b) *A distillery shall provide samples as authorized by Section 32 of this Act; and*

- (c) *All other licensees shall limit a customer to:*
1. *One (1) ounce of distilled spirits samples per day; and*
 2. *Six (6) ounces of wine samples per day.*
- (3) *Retailers holding a sampling license shall:*
- (a) *Notify the Department of Alcoholic Beverage Control at least seven (7) days in advance of conducting a free sampling event; and*
 - (b) *Limit a sampling event to a period not to exceed four (4) consecutive hours between 12 noon and 8 p.m.*
- (4) *In addition to free sampling, a quota retail package licensee holding a sampling license may also sell sample distilled spirits and wine under the following conditions:*
- (a) *Paid samples may be sold only on licensed premises and by licensees holding a sampling license, during regular business hours; and*
 - (b) *A licensee shall limit a customer to purchased samples totaling no more than:*
 1. *Two (2) ounces of distilled spirits per day; and*
 2. *Nine (9) ounces of wine per day.*
- (5) *A quota retail package licensee holding both a sampling license and a nonquota retail malt beverage package license may also sell samples of malt beverages under the following conditions:*
- (a) *Paid samples may be sold only on licensed premises and by licensees holding a sampling license, during regular business hours;*
 - (b) *A licensee shall limit a customer to no more than sixteen (16) ounces of malt beverages per day;*
 - (c) *Nothing in this subsection shall allow a quota retail package licensee to provide a customer samples of malt beverages free of charge;*
 - (d) *The retail price of a sample shall not be less than a licensee's purchase cost of the sample; and*
 - (e) *A licensee, supplier, or individual shall not request, require, or allow a distributor to provide malt beverages free of charge or participate in any activity allowed under this subsection.*
- (6) *No customer shall be allowed to receive a combination of free and purchased samples totaling more than:*
- (a) *Two (2) ounces of distilled spirits per day; and*
 - (b) *Nine (9) ounces of wine per day.*
- (7) *Free and paid samples provided under this section shall not constitute drink sales.*

➔Section 29. KRS 243.020 is amended to read as follows:

- (1) A person shall not do any act authorized by any kind of license with respect to the manufacture, storage, sale, purchase, transporting, or other traffic in alcoholic beverages unless ***the person***~~he or she~~ holds ***or is an agent, servant, or employee of a person who holds*** the kind of license that authorizes the act.
- (2) The holding of any permit from the United States government to traffic in alcoholic beverages without the corresponding requisite state and local licenses shall in all cases raise a rebuttable presumption that the holder of the United States permit is unlawfully trafficking in alcoholic beverages.
- (3) Except as ***permitted by***~~provided in~~ KRS 243.036, ***Section 33 of this Act, Section 54 of this Act, Section 55 of this Act,*** and 243.260, a person, conducting a place of business patronized by the public, who ***is not a licensee authorized***~~does not hold a license~~ to sell ***alcoholic***~~distilled spirits, wine, or malt~~ beverages, shall not permit any person to sell, barter, loan, give away, or drink ***alcoholic***~~distilled spirits, wine, or malt~~ beverages on the premises of ***the licensee's***~~his or her~~ place of business.
- (4) ***A licensee shall not permit any consumer to possess, give away, or drink alcoholic beverages on the licensed premises that are not purchased from the licensee.***
- (5) Any distilled spirits or wine in excess of three (3) gallons (twelve (12) liters) shall not be stored or kept except upon the licensed premises of a ***licensee***~~person who is the holder of a license provided for in KRS 243.030~~.

~~(6)(5)~~ In a moist territory, the only types of licenses that may be issued are those that directly correspond with the types of sales approved by the voters through moist elections within the territory, unless otherwise specifically authorized by statute.

➔Section 30. KRS 243.025 is amended to read as follows:

- (1) All of the fees paid into the State Treasury for *state* licenses ~~[issued under KRS 243.030 and 243.040]~~ shall be credited to a revolving trust and agency account, as provided in KRS 45.253, for the Department of Alcoholic Beverage Control.
- (2) All fees associated with the department's server training program ~~[, except for board ordered fees,]~~ shall be collected on a cost recovery basis and shall be credited to the revolving trust and agency account established under subsection (1) of this section.
- (3) These moneys shall be used solely for the administration and enforcement of KRS Chapters 241 ~~to~~, 242, 243, ~~and~~ 244. The moneys in the account shall not lapse at the close of the fiscal year.

➔Section 31. KRS 243.030 is amended to read as follows:

The following licenses that authorize traffic in distilled spirits and wine may be issued by the distilled spirits administrator. Licenses that authorize traffic in all alcoholic beverages may be issued by both the distilled spirits administrator and malt beverages administrator. The licenses and their accompanying fees are 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:
 - (a) Class A, per annum\$2,580.00
 - (b) Class B (craft rectifier), per annum.....\$825.00
- (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]~~ **\$100.00**
- (13) Special Sunday retail drink license, per annum \$520.00
- (14) Caterer's license, per annum \$830.00
- (15) Special temporary alcoholic beverage auction license, per event ~~[\$110.00]~~ **\$100.00**
- (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 *center* 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)~~ Authorized public consumption license, per annum\$250.00
- ~~(33)~~~~(34)~~ A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new transitional license pursuant to KRS 243.045.
- ~~(34)~~~~(35)~~ 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)~~~~(36)~~ 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 32. KRS 243.0305 is amended to read as follows:

- (1) Any licensed Kentucky distiller that is located in wet territory or in any precinct that has authorized the limited sale of alcoholic beverages at distilleries under KRS 242.1243 and that has a gift shop or other retail outlet on its premises may conduct the activities permitted under this section as a part of its distiller's license.
- (2) A wholesaler registered to distribute the brands of any distiller may permit the distiller to deliver a souvenir package directly from the distillery proper to any portion of the distillery premises. However, all direct shipments shall be invoiced from the distiller to the wholesaler and from the wholesaler to the distiller, and all products directly shipped shall be included in the wholesaler's inventory and depletions for purposes of tax collections imposed pursuant to KRS 243.710 to 243.895 and 243.990.
- (3) A distiller may sell souvenir packages at retail to distillery visitors of legal drinking age, in quantities not to exceed an aggregate of four and one-half (4-1/2) liters per visitor per day.
- (4) Hours of sale for souvenir packages at retail shall be in conformity with KRS 244.290(3).
- (5) Except as provided in this section, souvenir package sales shall be governed by all the statutes and administrative regulations governing the retail sale of distilled spirits by the package.

- (6) No wholesaler may restrict the sale of souvenir packages to the distiller of origin exclusively, but shall make souvenir packages available to any Kentucky retail licensee licensed for the sale of distilled spirits by the package.
- (7) Notwithstanding any provision of KRS 244.050 to the contrary, a distillery holding a sampling license may allow visitors to sample distilled spirits under the following conditions:
- (a) Sampling shall be permitted only on the licensed premises during regular business hours;
 - (b) A distillery shall not charge for the samples; and
 - (c) A distillery shall not provide more than one and three-fourths (1-3/4) ounces of samples per visitor per day.
- (8) In accordance with this section, a distillery located in wet territory or in any territory that has authorized the limited sale of alcoholic beverages under an election held pursuant to KRS 242.1243 may:
- (a) Hold an ~~NQ2~~~~[NQ3]~~ retail drink license for the sale of alcoholic beverages on the distillery premises. Notwithstanding KRS 243.110, a licensed distiller may also hold any of the retail licenses available to it under this section;
 - (b) Sell alcoholic beverages produced or bottled on the premises of its Kentucky licensed distillery for on-premises purposes without having to transfer physical possession of those alcoholic beverages to a licensed wholesaler if:
 1. All direct shipments are invoiced from the distiller to its wholesaler and from the wholesaler to the distiller; and
 2. All products directly shipped are included in the wholesaler's inventory and depletions for purposes of tax collections imposed pursuant to KRS 243.710 to 243.890 and 243.990; and
 - (c) Employ persons to engage in the sale or service of alcohol under an ~~NQ2~~~~[NQ3]~~ license, if each employee completes the department's Server Training in Alcohol Regulations program within thirty (30) days of ~~the~~ beginning ~~of his or her~~ employment.
- (9) Except as expressly stated in this section, this section does not exempt the holder of a distiller's license from:
- (a) The provisions of KRS Chapters 241 to 244;
 - (b) The administrative regulations of the board; and
 - (c) Regulation by the board at all the distiller's licensed premises.
- (10) Nothing in this section shall be construed to vitiate the policy of this Commonwealth supporting an orderly three (3) tier system for the production and sale of alcoholic beverages.

➔Section 33. 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 under KRS 242.1244 for the premises that serves as the caterer's commissary and designated banquet hall. No primary caterer's license shall **authorize alcoholic beverage sales at** ~~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, and **Section 104 of this Act** ~~244.310~~;
 - (b) Transport, sell, serve, and deliver **alcoholic** ~~mal~~ 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 **alcoholic** ~~mal~~ beverages for a customer and **the customer's** ~~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*~~{malt}~~ beverages;~~{or}~~
 2. *Wet cities and counties in which quota retail drink licenses are not available 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 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*~~{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 and counties established as wet 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
- ~~(d)~~~~(e)~~ Receive payment for alcoholic beverages served at a catered event on a by-the-drink, *cash bar*, or by-the-event basis. The caterer may bill the *customer*~~{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 alcoholic beverage auction license has been issued under KRS 243.036.
 - (5) A caterer licensee shall not cater *alcoholic beverages*~~{distilled spirits and wine}~~ on Sunday except in territory in which the Sunday sale of *alcoholic beverages*~~{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) *A caterer licensee shall not cater alcoholic beverages at an event hosted by the caterer licensee or hosted as a joint venture of the caterer licensee.*
 - (7) 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.
 - ~~(8)~~~~(7)~~ The caterer licensee shall post a copy of *the licensee's*~~{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 *and an NQ4 retail malt beverage 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 34. KRS 243.034 is amended to read as follows:

- (1) A limited restaurant license may be issued to an establishment meeting the definition criteria established in KRS 241.010(35) 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 **alcoholic**~~[distilled spirits, wine, and malt]~~ beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase **alcoholic**~~[distilled spirits, wine, and malt]~~ beverages only from licensed wholesalers or distributors. The license shall not authorize the licensee to sell **alcoholic**~~[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 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 (35)(a) of Section 1 of this Act**~~[KRS 241.010(35)(b)]~~ shall:
 - ~~(a)[1]~~ Only sell **alcoholic**~~[distilled spirits, wine, and malt]~~ beverages incidental to the sale of a meal; and
 - ~~(b)[2]~~ Not have an open bar and shall not sell **alcoholic**~~[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 35. KRS 243.0341 is amended to read as follows:

- (1) Notwithstanding any other provision of law, any city or county that conducted an election under KRS 242.1244(2) prior to January 1, 2016, for by the drink sales of alcoholic beverages in restaurants and dining facilities seating one hundred (100) persons or more **or any city with limited sale precincts created pursuant to Section 27 of this Act** may elect to act under this section.
- (2) Upon a determination by the legislative body of a city or county that:
 - (a) An economic hardship exists within the city or county; and
 - (b) Expanded sales of alcoholic beverages by the drink could aid in economic growth;
 the city or county may, after conducting a public hearing that is noticed to the public in accordance with the KRS Chapter 424, adopt an ordinance authorizing by the drink sales of alcoholic beverages in restaurants and dining facilities containing seating for at least fifty (50) persons and meeting the requirements of subsection (3) of this section.
- (3) The ordinance enacted by a city or county pursuant to subsection (2) of this section shall authorize the sale of alcoholic beverages under the following limitations:
 - (a) Sales shall only be conducted in restaurants and other dining facilities meeting the requirements of **subsection (35)(a) of Section 1 of this Act**~~[KRS 241.010(35)(b)]~~; and
 - (b) The provisions of KRS 243.034 shall apply to any restaurant or dining facility operating under a license issued pursuant to this section.
- (4) A city or county acting under this section may allow limited restaurant sales as defined in KRS 241.010(35).
- (5) The enactment of an ordinance under this section shall not:
 - (a) Modify the city's or county's ability to issue a limited restaurant license to restaurants or other dining facilities meeting the requirements of **subsection (35)(b) of Section 1 of this Act**~~[KRS 241.010(35)(a)]~~; or
 - (b) Affect, alter, or otherwise impair any license previously issued to a restaurant or dining facility meeting the requirements of **subsection (35)(b) of Section 1 of this Act**~~[KRS 241.010(35)(a)]~~.

➔Section 36. KRS 243.035 is amended to read as follows:

~~The~~ [In addition to the licenses prescribed by KRS 243.030, a bottling house license may be issued by the director of The Division of] distilled spirits **administrator may issue a bottling house or bottling house storage license** ~~[, upon payment of the fee set forth in KRS 243.030. The license may be issued]~~ only to persons who are authorized under this chapter to store or warehouse distilled spirits or wine. The bottling house **or bottling house storage** license shall authorize the licensee to bottle **and store** distilled spirits on the premises designated in the license. The holder of a bottling house **or bottling house storage** license may also hold a distilled spirits and wine storage license.

➔ Section 37. KRS 243.036 is amended to read as follows:

- (1) A special temporary alcoholic beverage auction license may be issued to a charitable **or nonprofit** organization.
- (2) A special temporary alcoholic beverage auction license shall authorize the **holder** ~~[charitable organization]~~ to:
 - (a) Purchase, transport, receive, possess, store, sell, and deliver alcoholic beverages to be sold **by auction or raffle or consumed** at charity **or nonprofit** events ~~[by auction or by raffle];~~
 - (b) Purchase, transport, receive, possess, store, sell, and deliver limited specially labeled bottles of **alcoholic** ~~[distilled spirits, wine, and malt]~~ beverages to be sold at charity **or nonprofit** events ~~[in the manner prescribed by administrative regulations promulgated by the board];~~
 - (c) Obtain alcoholic beverages from distillers, rectifiers, wineries, small farm wineries, brewers, microbreweries, wholesalers, distributors, retailers, or any other person, by gift or donation, for the purpose of charity **or nonprofit events** ~~[auctions or raffles];~~ and
 - (d) Receive payment for alcoholic beverages sold at **events** ~~[auctions or by raffles].~~
- (3) Each alcoholic beverage auction or raffle conducted by a charitable organization shall be subject to all restrictions and limitations contained in KRS Chapters 241 to 244 and the administrative regulations issued under those chapters and shall be authorized only on the days and only during the hours that the sale of alcoholic beverages is otherwise authorized in the county or municipality.
- (4) The location at which the alcoholic beverages are auctioned, ~~[or]~~ raffled, **or consumed** under this section shall not constitute a public place for the purpose of KRS Chapter 222. **Charitable or nonprofit events** ~~[Alcoholic beverage auctions or raffles]~~ may be conducted on licensed or unlicensed premises. The charitable organization possessing a special temporary alcoholic beverage auction license shall post a copy of the license at the location of the **event** ~~[auction or raffle. During this period not more than one (1) auction shall be held].~~
- (5) A special temporary alcoholic beverage auction license shall not be issued for any period longer than thirty (30) days ~~[. During this period not more than one (1) auction shall be held].~~
- (6) Notwithstanding any other provision of KRS Chapters 241 to 244, a distiller, rectifier, winery, small farm winery, brewer, microbrewery, wholesaler, distributor, or retailer may donate, give away, or deliver any of its products to a charitable **or nonprofit** organization possessing a special temporary alcoholic beverage auction license under this section.
- (7) All restrictions and prohibitions applying to an alcoholic beverage retail package and alcoholic beverage by the drink license, not inconsistent with this section, shall apply to a special temporary alcoholic beverage auction license.

➔ Section 38. KRS 243.037 is amended to read as follows:

- (1) Except as where specifically authorized by statute, a retailer licensed to sell distilled spirits or wine by the drink shall only be permitted to sell or serve distilled spirits and wine by the drink at one (1) main bar, counter, or similar contrivance at the licensed premises.
- (2) A retailer may have necessary service bars, if they are not located in any room in which the members or guests or patrons of the place are invited or permitted to come. No distilled spirits or wine shall be served at service bars.
- (3) A supplemental bar license shall authorize the licensee to sell and serve distilled spirits and wine by the drink at retail from an additional location other than the main bar. A supplemental bar license is a nonquota license and shall not be transferable to other premises.
- (4) ~~The~~ ~~[A supplemental bar license shall not be issued unless:~~
 - (a) ~~The licensee applies to the state distilled spirits director and meets all requirements for obtaining a supplemental bar license; and~~

~~(b)~~ The licensee pays a fee *for a supplemental license shall be the same as* ~~identical to~~ the fee for the primary license authorizing retail distilled spirits and wine drink sales for each of up to five (5) supplemental bar licenses. There shall be no ~~fee~~ ~~charge~~ for each supplemental license issued in excess of five (5) to the same licensee at the same premises.

(5) A license authorizing retail malt beverage sales, by the drink or by the package, authorizes the licensee to sell and serve malt beverages at any location on the licensed premises without obtaining a supplemental bar license.

➔Section 39. KRS 243.040 is amended to read as follows:

The following kinds of malt beverage licenses may be issued by the ~~director of the Division of~~ malt beverages *administrator*, the fees for which shall be:

- (1) Brewer's license, per annum\$2,580.00
- (2) Microbrewery license, per annum\$520.00
- (3) Distributor's license, per annum\$520.00
- (4) Nonquota retail malt beverage package license, per annum\$210.00
- ~~(5)~~ ~~Brew on premises license, per annum\$520.00~~
- ~~(6)~~ Out-of-state malt beverage supplier's license,
per annum\$1,550.00
- ~~(6)~~~~(7)~~ Malt beverage storage license, per annum\$260.00
- ~~(7)~~~~(8)~~ Replacement or duplicate license, per annum\$25.00
- ~~(8)~~~~(9)~~ Limited out-of-state malt beverage supplier's license,
per annum\$260.00
- ~~(9)~~~~(10)~~ Nonquota type 4 malt beverage drink license,
per annum\$210.00

~~(10)~~~~(11)~~ The holder of a nonquota retail malt beverage package license may obtain a Nonquota type 4 malt beverage drink license for a fee of fifty dollars (\$50). The holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota retail malt beverage package license for a fee of fifty dollars (\$50).

~~(11)~~~~(12)~~ A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new transitional license pursuant to KRS 243.045.

~~(12)~~~~(13)~~ Other special licenses as the state board finds to be necessary for the administration of KRS Chapters 241 ~~to~~ ~~242, 243, and~~ 244 and for the proper regulation and control of the trafficking in malt beverages, as provided for by administrative regulations promulgated by the state board.

Applicants for special licenses provided for under the authority granted in subsection ~~(8)~~~~(9)~~ of this section may be exempt from so much of the provisions of subsection (1)(f) of KRS 243.100 set out in administrative regulations promulgated by the board. A nonrefundable application fee of fifty dollars (\$50) shall be charged to process each new application for a license under this section. The application fee shall be applied to the licensing fee if the license is issued, or otherwise the fee shall be retained by the department.

➔Section 40. 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 *alcoholic* ~~[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 *alcoholic* ~~[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, and *Section 104 of this Act* ~~[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 41. KRS 243.045 is amended to read as follows:

- (1) A transitional license may be issued by *the state administrator or administrators* ~~[the director of the Division of Malt Beverages or the director of the Division of Distilled Spirits]~~ during the time a transfer of an ongoing business is being processed under the following conditions:
 - (a) The purchaser shall file an application for a permanent license with the appropriate local alcoholic beverage authority and with the department;
 - (b) The purchaser shall advertise its intention to apply for a license pursuant to KRS 243.360; and
 - (c) The purchaser shall pay all application fees for the permanent license.
- (2) If the above requirements are met, *the state administrator or administrators* ~~[the director of the Division of Malt Beverages or the director of the Division of Distilled Spirits]~~, as appropriate, *may* ~~[shall have the discretion to]~~ issue a transitional license with a term of up to sixty (60) days, plus one (1) thirty (30) day *renewal license* ~~[extension period]~~, to the purchaser for a processing fee set forth in KRS 243.030 to 243.040. All transitional licenses immediately expire upon the issuance to the purchaser of one (1) or more permanent licenses.
- (3) Upon completion of the sale of the business, the purchaser shall not operate the business on the seller's license.
- (4) The transitional license shall not be transferable or used for an application to move a business from one (1) location to another location.
- (5) *The transitional license shall entitle the holder to the same privileges and restrictions of the permanent license or licenses for which the holder applied under subsection (1)(a) of this section.*

➔Section 42. KRS 243.050 is amended to read as follows:

- (1) *The state administrators* ~~[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, a qualified historic site license, or a license located in a commercial airport. The *board* ~~[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 *any* ~~[such]~~ restrictions on the use of the license *to* ~~[as will]~~ ensure that it will be primarily for the benefit of *holders of NQ1 retail drink licenses, qualified historic site licenses, and visitors* ~~[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.
 - (c) *A licensee located in territory that has authorized Sunday retail distilled spirits and wine package sales under Section 106 of this Act or retail malt beverage package or drink sales under Section 109 of this Act is not required to hold a Sunday retail drink license to authorize these sales.*

➔Section 43. KRS 243.060 is amended to read as follows:

(1) The fiscal court of ~~any~~~~each~~ county or a consolidated local government in which traffic in alcoholic beverages is ~~permitted~~~~not prohibited~~ under KRS Chapter 242 may **only issue the following alcoholic beverage licenses and corresponding maximum fees** ~~impose license fees for the privilege of trafficking in alcoholic beverages. These licenses may be issued by the county or consolidated local government administrator.~~ The license fees are subject to the provisions of subsections (2) to ~~(4)~~~~(6)~~ of this section, and shall not exceed the following:

- (a) Quota retail package license, per annum:
 - 1. In counties containing a consolidated local government.....\$1,200.00
 - 2. In all other counties.....\$1,000.00
- (b) Quota retail drink license, per annum:
 - 1. In counties containing a consolidated local government.....\$1,600.00
 - 2. In all other counties.....\$1,000.00
- (c) Nonquota type 2 retail drink license~~[(includes distilled spirits, wine, and malt beverages)]~~, per annum:
 - 1. In counties containing a consolidated local government.....\$1,800.00
 - 2. In all other counties.....\$1,000.00
- (d) Nonquota type 3 retail drink license~~[(includes distilled spirits, wine, and malt beverages)]~~, per annum.....\$300.00
- (e) Special temporary license, per event:
 - 1. In counties containing a consolidated local government.....\$266.66
 - 2. In all other counties.....\$166.66
- (f) Special Sunday retail drink license, per annum\$300.00
- (g) Nonquota retail malt beverage package license, per annum\$400.00
- (h) Nonquota type 4 retail malt beverage drink license, per annum.....\$400.00
- (i) Limited restaurant license~~[(includes distilled spirits, wine, and malt beverages)]~~, per annum:
 - 1. In counties containing a consolidated local government.....\$2,000.00
 - 2. In all other counties.....\$1,400.00
- (j) Limited golf course license~~[(includes distilled spirits, wine, and malt beverages)]~~, per annum:
 - 1. In counties containing a consolidated local government.....\$2,000.00
 - 2. In all other counties.....\$1,400.00
- (k) Authorized public consumption license, per annum\$250.00
- (l) Qualified historic site license, per annum.....\$1,030.00**

(2) The fee for the following license types may not be increased by more than five percent (5%) above the January 1, 2013, fee for the current license or the former license type listed beside it, during any five (5) year period. The fees for the licenses described in this subsection are still subject to the maximum amounts listed for those licenses in subsection (1) of this section:

- (a) Quota retail package license: retail package liquor license;
- (b) Quota retail drink license: retail drink license;
- (c) Nonquota type 2 retail drink license: restaurant drink license;
- (d) Nonquota retail malt beverage package license: retail malt beverage license;
- (e) Nonquota type 4 retail malt beverage drink license: retail malt beverage license;
- (f) Limited restaurant license; and
- (g) Limited golf course license.

- (3) The fee for each of the first five (5) supplemental bar licenses shall be the same as the fee for the primary 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.
- (4) The holder of a nonquota retail malt beverage package license may obtain a Nonquota type 4 malt beverage drink license for a fee of fifty dollars (\$50). The holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota retail malt beverage package license for a fee of fifty dollars (\$50).
- (5) *A county shall not issue county licenses or impose fees under this section to any person who holds a city license issued under Section 44 of this Act*~~[Any amount paid to any city within the county as a license fee for the same privilege for the same year may be credited against the county license fee.~~
- ~~(6) If any part of this section is held invalid, all of this section and of KRS 243.600 shall also be considered invalid.~~

➔SECTION 44. KRS 243.070 IS REPEALED AND REENACTED TO READ AS FOLLOWS:

(1) *The legislative body of any city or a consolidated local government in which traffic in alcoholic beverages is permitted under KRS Chapter 242 may only issue the following alcoholic beverage licenses and corresponding maximum fees. The license fees are subject to the provisions of subsections (2), (3), and (4) of this section, and shall not exceed the amounts specified in this subsection:*

- (a) *Distiller's license, per annum*\$500.00
- (b) *Rectifier's license:*
 - 1. *Class A, per annum*\$3,000.00
 - 2. *Class B (craft rectifier), per annum*\$960.00
- (c) *Wholesaler's distilled spirits and wine license, per annum*\$3,000.00
- (d) *Quota retail package license, per annum:*
 - 1. *In counties containing a consolidated local government*\$1,200.00
 - 2. *In all other counties*\$1,000.00
- (e) *Quota retail drink license, per annum:*
 - 1. *In counties containing a consolidated local government*\$1,600.00
 - 2. *In all other counties*\$1,000.00
- (f) *Special temporary license, per event:*
 - 1. *In counties containing a consolidated local government*\$266.66
 - 2. *In all other counties*\$166.66
- (g) *Nonquota type 1 retail drink license, per annum*\$2,000.00
- (h) *Nonquota type 2 retail drink license, per annum:*
 - 1. *In counties containing a consolidated local government*\$1,800.00
 - 2. *In all other counties*\$1,000.00
- (i) *Nonquota type 3 retail drink license, per annum*\$300.00
- (j) *Special temporary alcoholic beverage auction license, per event*\$100.00
- (k) *Special Sunday retail drink license, per annum*\$300.00
- (l) *Extended hours supplemental license, per annum*\$2,000.00
- (m) *Caterer's license, per annum*\$800.00
- (n) *Bottling house or bottling house storage license, per annum*\$1,000.00
- (o) *Brewer's license, per annum*\$500.00

- (p) *Microbrewery license, per annum*\$500.00
 - (q) *Malt beverage distributor's license, per annum*\$400.00
 - (r) *Nonquota retail malt beverage package license, per annum*\$200.00
 - (s) *Nonquota type 4 retail malt beverage drink license, per annum*.....\$200.00
 - (t) *Limited restaurant license, per annum:*
 - 1. *In counties containing a consolidated local government*\$1,800.00
 - 2. *In all other counties*\$1,200.00
 - (u) *Limited golf course license, per annum:*
 - 1. *In counties containing a consolidated local government*\$1,800.00
 - 2. *In all other counties*\$1,200.00
 - (v) *Authorized public consumption license, per annum*.....\$250.00
 - (w) *Qualified historic site license, per annum*.....\$1,030.00
- (2) *The fee for the following license types may not be increased by more than five percent (5%) above the January 1, 2013, fee for the current license or the former license type listed beside it, during any five (5) year period. The fees for the licenses described in this subsection are still subject to the maximum amounts listed for those licenses in subsection (1) of this section:*
- (a) *Quota retail package license: retail package liquor license;*
 - (b) *Quota retail drink license: retail drink license;*
 - (c) *Nonquota type 1 retail drink license: convention center or convention hotel complex license;*
 - (d) *Nonquota type 2 retail drink license: restaurant drink license;*
 - (e) *Nonquota retail malt beverage package license: retail malt beverage license;*
 - (f) *Nonquota type 4 retail malt beverage drink license: retail malt beverage license;*
 - (g) *Limited restaurant license; and*
 - (h) *Limited golf course license.*
- (3) *The fee for each of the first five (5) supplemental bar licenses shall be the same as the fee for the primary 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.*
- (4) *The holder of a nonquota retail malt beverage package license may obtain a Nonquota type 4 malt beverage drink license for a fee of fifty dollars (\$50). The holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota retail malt beverage package license for a fee of fifty dollars (\$50).*

➔Section 45. KRS 243.075 is amended to read as follows:

- (1) (a) *A qualified city or a county containing a*~~Notwithstanding the provisions of KRS 243.060 and 243.070, in any~~ *qualified city that is wet through*~~in which the discontinuance of prohibition is effective by virtue of~~ *a local option election held under KRS Chapter 242*~~the governing body of the city and the governing body of the county containing a qualified city~~ *is authorized to impose a regulatory license fee upon the gross receipts of the sale of alcoholic beverages of each establishment located in the city or county*~~therein~~ *licensed to sell alcoholic beverages.*
- (b) *The regulatory license fee may be levied at the beginning of each budget period at a percentage rate that is*~~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.*
- (c) *The regulatory license fee shall be in addition to any other taxes, fees, or licenses permitted by law, except:*

1. 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
 2. 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) (a) ~~[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 under KRS 243.072]~~ may by ordinance impose a regulatory license fee upon the gross receipts of the sale of alcoholic beverages of each establishment located *in the city or county*~~[therein]~~ and licensed to sell *alcoholic*~~[distilled spirits, wine, or malt]~~ beverages by the drink for consumption on the premises.
- (b) The regulatory license fee may be levied annually at a rate *that is*~~[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.
- (c) 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.
- (d) 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.
- ~~(3) (a)~~ For any election held after July 15, 2014, any new fee authorized under subsection (1) or (2) of this section shall be enacted by the city or county no later than two (2) years from the date of the local option election held under KRS Chapter 242.
- ~~(b)~~ ~~For any new ordinance enacted pursuant to KRS 243.072 after July 15, 2014, the fee authorized by subsection (2) of this section shall be enacted within two (2) years of the date of the enactment of an ordinance pursuant to KRS 243.072.]~~
- (4) After July 15, 2014, any fee authorized under subsections (1) and (2) of this section shall be established at a rate that will generate revenue that does not exceed the total of the reasonable expenses actually incurred by the city or county in the immediately previous fiscal year for the additional cost, as demonstrated by reasonable evidence, of:
- (a) Policing;
 - (b) Regulation; and
 - (c) Administration;
- as a result of the sale of alcoholic beverages within the city or county.
- (5) (a) ~~The [Kentucky Department of]~~ Alcoholic Beverage Control *Board* shall promulgate administrative regulations which set forth the process by which a city or county, in the first year following the discontinuance of prohibition, may estimate any additional policing, regulation, and administrative expenses by a city or county directly and solely related to the discontinuance of prohibition. This subsection shall apply to any discontinuance of prohibition occurring after the promulgation of administrative regulations required by this subsection.
- (b) After the first year, the regulatory license fee for each subsequent year shall conform to the requirements of subsection (4) of this section.
- (6) The revenue received from the imposition of the regulatory license fee authorized under subsections (1) and (2) of this section shall be:
- (a) Deposited into a segregated fund of the city or county;
 - (b) Spent only in accordance with the requirements of subsections (1) and (2) of this section; and
 - (c) Audited under an annual audit performed pursuant to KRS 43.070, 64.810, and 91A.040.
- (7) Any city or county found by a court to have violated the provisions of this section shall:

- (a) Provide a refund as determined by the court to any licensee that has been harmed in an amount equal to its prorated portion of the excess revenues collected by the city or county that are directly attributable to a violation occurring after July 15, 2014;
 - (b) Be responsible for the payment of the reasonable attorney fees directly incurred by a party to a litigation in an amount ordered by the court upon its finding of an intentional and willful violation of this section by a city or county occurring after July 15, 2014; and
 - (c) Upon the finding by a court of a second intentional and willful violation of the provisions of this section, lose the ability to impose the regulatory fee provided by this section for a period of five (5) years and, upon the finding by a court of a third intentional and willful violation, forfeit the right to impose the regulatory license fee authorized by this section.
- (8) Any party bringing suit against a city or county for an alleged violation of this section occurring after July 15, 2014, shall be responsible for the payment of the reasonable attorney fees of the city or county in an amount determined by the court upon a finding by the court that the city or county did not violate this section.
- (9) (a) As used in this section, "qualified city" means a city on the registry maintained by the Department for Local Government under paragraph (b) of this subsection.
- (b) On or before January 1, 2015, the Department for Local Government shall create and maintain a registry of cities that, as of August 1, 2014, were classified as cities of the third or fourth class. The Department for Local Government shall make the information included on the registry available to the public by publishing it on its Web site.

➔Section 46. KRS 243.082 is amended to read as follows:

- (1) A "Nonquota type 1" or "NQ1" retail drink license may be issued to an applicant operating as, or in:
- (a) A convention center or a convention hotel complex;
 - (b) A horse racetrack;
 - (c) An automobile racetrack;
 - (d) A railroad system;
 - (e) A commercial airlines system or charter flight system; or
 - (f) A state park.
- (2) **Any licensee holding an NQ1 retail drink license located in** a qualifying convention center or a convention hotel complex, horse racetrack, ~~or~~ an automobile racetrack, **or state park** ~~holding an NQ1 retail drink license~~ may purchase, receive, possess, and sell **alcoholic** ~~distilled spirits, wine, and malt~~ beverages at retail by the drink for consumption on the licensed premises. The license shall permit all **alcoholic** ~~distilled spirits, wine, or malt~~ beverage sales on the premises without additional supplemental licenses. The licensee shall purchase **alcoholic** ~~distilled spirits, wine, or malt~~ beverages only from licensed wholesalers or distributors. The holder of an NQ1 retail drink license under this section shall **store alcoholic beverages in the manner prescribed in Section 104 of this Act** ~~comply with the requirements of KRS 243.250. 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 **alcoholic** ~~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 **alcoholic** ~~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 **alcoholic** ~~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.

- (6) An NQ1 retail drink license may be issued to any qualifying applicant within a state park meeting the criteria established in KRS 241.010 so long as the state park is located, in whole or in part, within:
- (a) Any wet territory; or
 - (b) Any precinct that has authorized the sale of alcoholic beverages under KRS 242.022.

~~[(7) Any licensee holding an NQ1 retail drink license located in a qualifying state park may purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the licensed premises. The license shall permit all distilled spirits, wine, or malt beverage sales on the premises without additional supplemental licenses. The licensee shall only purchase distilled spirits, wine, or malt beverages from licensed wholesalers or distributors. The holder of an NQ1 retail drink license under this subsection shall comply with the requirements of KRS 243.250. An NQ1 retail drink license held under this subsection shall not authorize the licensee to sell distilled spirits, wine, or malt beverages by the package.]~~

➔Section 47. KRS 243.084 is amended to read as follows:

- (1) A "Nonquota type 2" or "NQ2" retail drink license may be issued to ***an applicant operating as, or in:***
- (a) A hotel that:
 - 1. Contains at least fifty (50) sleeping units; ***and***
 - 2. ~~Contains dining facilities for at least fifty (50) persons; and~~
 - 3. ~~Receives from its total food and alcoholic 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;
 - (e) ***A distiller; or***
 - (f) ***A business located within, or adjacent to, an entertainment destination center licensed premises.***
- (2) A ***holder of***~~[qualifying hotel, restaurant, airport, or riverboat holding]~~ an NQ2 retail drink license may purchase, receive, possess, and sell ***alcoholic***~~[distilled spirits, wine, and malt]~~ beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase ***alcoholic***~~[distilled spirits, wine, or malt]~~ beverages only from licensed wholesalers or distributors. ***A distiller may purchase its own products for retail drink sales under Section 32 of this Act***~~[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 store alcoholic beverages in the manner prescribed in Section 104 of this Act~~~~[comply with the requirements of KRS 243.250].~~
- (3) (a) ***To qualify for***~~[A riverboat holding]~~ an NQ2 license, ***a***~~[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 ***or alternative*** 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.]~~
- ~~(b)(d)~~ If a riverboat moors or makes landfall in a location other than its regular or alternate regular place of mooring, all ***alcoholic***~~[distilled spirits, wine, and malt]~~ beverages shall be kept locked.
- ~~(c)(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 48. KRS 243.086 is amended to read as follows:

- (1) A "Nonquota type 3" or "NQ3" retail drink license may be issued to *an applicant operating as, or in:*
- (a) A private club in existence for longer than one (1) year prior to the license application;
 - (b) A dining car; *or*
 - (c) A bed and breakfast; ~~or~~
 - ~~(d) A distiller.~~
- (2) *The holder of an NQ3 retail drink license may purchase, receive, possess, and sell alcoholic beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase alcoholic beverages only from licensed wholesalers or distributors. The holder of an NQ3 retail drink license shall store alcoholic beverages in the manner prescribed in Section 104 of this Act.* ~~[An NQ3 retail drink license issued to a private club shall authorize the licensee to exercise the privileges of an NQ2 retail drink licensee, at the designated premises if the general public is excluded].~~
- (3) *A qualifying private club holding an NQ3 retail drink license shall exclude the general public from the licensed premises.* ~~[An NQ3 retail drink license issued to a dining car shall authorize the licensee to exercise the privileges of an NQ2 retail drink licensee and shall also authorize the licensee to sell distilled spirits and wine by the package, only on the designated dining car identified in the NQ3 license].~~
- (4) *A qualifying bed and breakfast holding an NQ3 retail drink license* ~~[issued to a bed and breakfast]~~ *shall authorize the licensee to exercise the privileges of an NQ2 retail drink licensee, but the licensee may* ~~only sell alcoholic beverages by the drink to paid overnight guests of the licensee.~~
- ~~[(5) An NQ3 retail drink license issued to a distiller shall authorize the licensee to exercise the privileges of an NQ2 retail drink license at the designated premises.]~~

➔Section 49. KRS 243.090 is amended to read as follows:

- (1) All licenses issued by the department, except special event licenses, temporary licenses, or licenses listed in subsection (5) of this section, shall be valid for a period of no more than a year. The *board* ~~[department]~~ shall promulgate administrative regulations establishing the year-round system for renewal of licenses. The system shall be designed to distribute the workload as uniformly as possible within the offices of the local administrators and the Department of Alcoholic Beverage Control.
- (2) (a) Except for licenses listed in paragraph (b) of this subsection, all licenses issued after January 1, 2017, by a *local* ~~[county or city]~~ administrator shall be valid for a period of no more than a year and shall be renewable upon the date established by the department for the expiration of state licenses issued for premises located in that county or city. During the first year following July 15, 2016, if the new date for renewal for the licensee does not occur on the date established by the department for the expiration of the licensee's state license, the *local* ~~[city or county]~~ administrator shall either:
1. Prorate the cost of the renewed license by proportionally reducing the cost of the renewed license if the new date for the renewal occurs prior to the expiration of a previous license; or
 2. Provide a prorated provisional local license to cover any period of time between the expiration of the previous license and the new date for renewal if the new date for renewal occurs after the expiration of the licensee's previous license.
- (b) Paragraph (a) of this subsection shall not apply to licenses issued by a consolidated local government, special event licenses, temporary licenses, or licenses listed in subsection (5) of this section.
- (3) When any person applies for a new license authorized under KRS Chapters 241 to 244, *the person* ~~[he or she]~~ shall be charged, if the license is issued, the full fee for the respective license if six (6) months or more remain before the license is due to be renewed and one-half (1/2) the fee if less than six (6) months remain before the license is due to be renewed. No abatement of license fees shall be permitted to any person who held a license

of the same kind for the same premises in the preceding license period and who was actually doing business under the license during the last month of the preceding license period.

- (4) The renewal by the department of any alcoholic beverage license shall not be construed to waive or condone any violation that occurred prior to the renewal and shall not prevent subsequent proceedings against the licensee.
- (5) All alcoholic beverage producers, wholesalers, or distributors may obtain or renew their licenses for either a one (1) year term or a two (2) year term.
- (6) ***The department may deny license renewal if the licensee is a delinquent taxpayer as defined in KRS 131.1815.***

➔Section 50. KRS 243.100 is amended to read as follows:

An individual~~[A natural person]~~ shall not become a licensee~~[under KRS 243.020 to 243.670]~~ if ***the individual***~~[he or she]~~:

- (1)
 - (a) Has been convicted of any felony until five (5) years have passed from the date of conviction, release from custody or incarceration, parole, or termination of probation, whichever is later;
 - (b) Has been convicted of any misdemeanor described under KRS ***Chapter 218A***~~[218A.050, 218A.060, 218A.070, 218A.080, 218A.090, 218A.100, 218A.110, 218A.120, or 218A.130]~~ in the two (2) years immediately preceding the application;
 - (c) Has been convicted of any misdemeanor directly or indirectly attributable to the use of alcoholic beverages in the two (2) years immediately preceding the application;
 - (d) Is under the age of twenty-one (21) years;
 - (e) Has had any license~~[issued under this statute]~~ relating to the regulation of the manufacture, sale, and transportation of alcoholic beverages revoked for cause or has been convicted of a violation of any~~[such]~~ statute ***within KRS Chapters 241 to 244***, until the expiration of two (2) years from the date of the revocation or conviction; or
 - (f) Is not a citizen of the United States and has not had an actual, bona fide residence in this state for at least one (1) year before the date on which ~~the~~~~[his or her]~~ application for a license is made. This subsection shall not apply to applicants for manufacturers' licenses, to applicants that are corporations authorized to do business in this state, or to persons licensed on March 7, 1938.
- (2) A partnership, limited partnership, limited liability company, corporation,~~[or]~~ governmental agency, ***or other business entity recognized by law*** shall not be licensed if:
 - (a) Each ***principal owner, partner, member, officer, and director***~~[member of the partnership or each of the directors, principal officers, or managers]~~ does not qualify under subsection (1)(a), (b), (c),~~[and]~~ (d), ***and (e)*** of this section;
 - (b) It has had any license~~[issued under this statute]~~ relating to the regulation of the manufacture, sale, and transportation of alcoholic beverages revoked for cause or has been convicted of a violation of any~~[such]~~ statute ***within KRS Chapters 241 to 244***, until the expiration of two (2) years from the date of the revocation or conviction; or
 - (c) ***Any principal owner, partner, member, officer, or director, or any business entity in which they were directly or indirectly interested,***~~[It is a partnership or corporation, if any member of the partnership or any director, manager, or principal officer of the corporation]~~ has had any license~~[issued under any statute relating to the regulation of the manufacture, sale, and transportation of alcoholic beverages,]~~ revoked for cause or has been convicted of a violation of any~~[such]~~ statute ***within KRS Chapters 241 to 244***, until the expiration of the later of two (2) years from the date of the revocation or two (2) years from the date of conviction.
- (3) The provisions of subsection (1)(a) and (b) shall apply to anyone applying for a new license under this chapter after July 15, 1998, but shall not apply to those who renew a license that was originally issued prior to July 15, 1998, or an application for a supplemental license where the original license was issued prior to July 15, 1998.
- (4) ***A person shall not evade license disqualification by applying for a license through or under the name of a different person. The state administrators shall examine the ownership, membership, and management of all license applicants, and shall deny the application if a disqualified person has a direct or indirect interest***

in the applicant's business. The department may issue administrative subpoenas and summonses to determine ownership of an applicant or to investigate alleged violations by a licensee.

➔Section 51. KRS 243.110 is amended to read as follows:

- (1) Except as provided in subsection (3) of this section, each kind of license listed in KRS 243.030 shall be incompatible with every other kind listed in that section and no person or entity holding a license of any of those kinds shall apply for or hold a license of another kind listed in KRS 243.030.
- (2)
 - (a) Each kind of license listed in KRS 243.040(1), (3), or (4) shall be incompatible with every other kind listed in KRS 243.040(1), (3), or (4), and no person holding a license of any of those kinds shall apply for or hold a license of any other kind listed in KRS 243.040(1), (3), or (4).
 - (b) A brewery holding a license listed in ~~KRS~~ *subsection (5) or (8) of Section 39 of this Act* ~~{243.040(6) or (9)}~~ shall not apply for or hold a license listed in KRS 243.040(3) or (4).
- (3)
 - (a) The holder of a quota retail package license may also hold a quota retail drink license, *an NQ1 retail drink license*, an NQ2 retail drink license, or a special nonbeverage alcohol license.
 - (b) The holder of a transporter's license may also hold a distilled spirits and wine storage license.
 - (c) The holder of a distiller's license may also hold a rectifier's license, a special nonbeverage alcohol license, ~~or~~ a winery license, *or a small farm winery license*.
 - (d) A commercial airline system or charter flight system retail license, a commercial airline system or charter flight system transporter's license, and a retail drink license if held by a commercial airline or charter flight system may be held by the same *licensee* ~~{person or corporation}~~.
 - (e) A Sunday retail drink license and supplemental license may be held by the holder of a primary license.
- (4) Any person may hold two (2) or more licenses of the same kind.
- (5) A person or entity shall not evade the prohibition against applying for or holding licenses of two (2) kinds by applying for a second license through or under the name of a different person or entity. The state ~~administrator~~ ~~{director}~~ shall examine the ownership, *membership*, and management of applicants, and shall deny the application for a license if the applicant is substantially interested in a person or entity that holds an incompatible license.

➔Section 52. KRS 243.130 is amended to read as follows:

- (1) Sales and deliveries of distilled spirits and wine may be made at wholesale, and from the licensed premises only:
 - (a) By distillers to rectifiers, wineries, holders of special nonbeverage alcohol licenses so far as they may make the purchases, or other distillers;
 - (b) By rectifiers to wineries or to distillers if distilled spirits sold to distillers are packaged in retail containers;
 - (c) By wineries to rectifiers or other wineries, or to the holders of special nonbeverage alcohol licenses;
 - (d) By distillers, rectifiers, or wineries to wholesalers; or
 - (e) By distillers, rectifiers, or wineries for export out of the state.
- (2) No distiller, rectifier, or winery shall sell or contract to sell, give away, or deliver any alcoholic beverages to any person who is not authorized by the law of the state of *the person's* ~~{his or her}~~ residence, and of the United States government if located in the United States, to receive and possess those alcoholic beverages. No distiller, rectifier, or winery shall sell or contract to sell, give away, or deliver any of *its* ~~{his or her}~~ products to any retailer or consumer in Kentucky.
- (3) *Employees of distillers, rectifiers, and wineries may sample the products produced by that manufacturer for purposes of education, quality control, and product development.*
- (4) Distillers may purchase distilled spirits only from other licensed distillers in this state or in another state or province, but distillers may purchase from rectifiers licensed in Kentucky, distilled spirits which are packaged in retail containers.

- (5)~~(4)~~ Rectifiers may purchase distilled spirits and wine only from licensed distillers or wineries in Kentucky, or from nonresident distillers or wineries authorized by the law of the state of their residence and by the United States government, if the distillers or wineries are located in the United States, to make the sales.
- (6)~~(5)~~ Wineries may purchase distilled spirits or wine only from licensed distillers or wineries in Kentucky, or from nonresident distillers or wineries authorized by law of the state of their residence, and by the United States government if located in the United States, to make the sales.
- (7)~~(6)~~ Nothing shall prohibit the purchase or sale of warehouse receipts by any person, but this subsection does not authorize the owner of ~~such~~ a **warehouse** receipt to accept delivery of any distilled spirits unless the owner is a person who is permitted by law to receive the *distilled spirits*~~same~~.

➔Section 53. KRS 243.150 is amended to read as follows:

- (1) A brewer's license shall authorize the licensee to engage in the business of a brewer at the premises specifically designated in the license, and to transport for itself only any malt beverage which the licensee is authorized by its license to manufacture or sell, but the licensee shall transport any malt beverages in accordance with the requirements provided by KRS 243.120 for distillers.
- (2) A brewer may sell any malt beverage produced under its license to:
 - (a) A licensed wholesaler from the licensed premises;
 - (b) Any of its employees for home consumption;
 - (c) Charitable or fraternal organizations holding group meetings, picnics, or outings; and
 - (d) A customer, strictly limited to the following types of sales on the premises of a brewery located in wet territory:
 1. By the drink sales for consumption on the premises only, to be ~~to be~~
 - a. ~~conducted in a taproom~~~~tap room~~ or similar space that is *located at the licensed*~~physically attached to the~~ brewery~~; and~~
 - b. ~~Limited to no more than two hundred eighty eight (288) ounces per customer per day~~; and
 2. *Package sales for off-premises consumption only* by using a refillable, resealable growler~~vessel no larger than two (2) liters with a flip top or screw on lid into which a malt beverage is pre-filled, filled, or refilled for off-premises consumption only~~.
- (3) *A licensed brewer may buy malt beverages from another licensed brewer in this state or nonresident brewer authorized by the law of the state of its residence, and by the United States government if located in the United States, to make these sales;*
- (4) *Employees of a licensed brewer may sample the products produced by that manufacturer for purposes of education, quality control, and product development.*
- (5) A brewer may serve on the *licensed* premises of its brewery complimentary samples of malt beverages produced at the brewery in an amount not to exceed sixteen (16) ounces per patron per day, if the brewery is located in wet territory.

➔Section 54. 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 ~~board~~~~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) *Engage in the business of a winery under the terms and conditions of KRS 243.120 and Section 52 of this Act. The manufacture of wine at the small farm winery shall not be less than two hundred fifty*

~~(250) gallons, and shall not exceed one hundred thousand (100,000) gallons, in one (1) year.~~ Manufacture wines and bottle wines produced by that small farm winery;

- (b) Bottle wines produced by that small farm winery and other licensed small farm wineries;
 - (c) Enter into an agreement with another licensed small farm winery under which it crushes, processes, ferments, bottles, or any combination of ~~these~~ ^{such} services, the grapes, fruits, or other agricultural products of the other small farm winery for ~~one (1)~~ production year. The resulting wine shall be considered the ~~product~~ ^{wine} of the small farm winery that provides the fruit. The small farm winery providing the custom crushing services may exclude the wine produced under this paragraph from its annual production gallonage;
 - (d) ***If the licensed small farm winery or off-premises retail site premises is located in wet territory or in a precinct that has authorized alcoholic beverage sales by the small farm winery under Section 22 of this Act:***
 - 1. Serve ~~on the premises or at small farm winery off-premises 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-premises retail site is located in wet territory;~~ ***and***
 - 2. ~~(c)~~ Sell by the drink ***for on-premises consumption*** or by the package ~~on premises, at small farm winery off-premises retail sites, and at fairs, festivals, and other similar types of events,~~ wine produced ***by it or by another*** ~~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 by the drink or by the package, at fairs, festivals, and other similar types of events, wine produced by it or by another licensed small farm winery, at retail to consumers if all sales occur in a wet territory;***
 - (f) Sell and transport wine produced ***by it*** ~~on the premises of the small farm winery~~ ***to licensed small farm winery off-premises retail sites***, wholesale license holders, and small farm winery license holders;
 - (g) 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
 - (h) 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 ***Section 23 of this Act or*** KRS 244.290(5) 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.
- ~~(4)~~ ⁽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 ~~or~~ ^{and} an NQ4 retail malt beverage drink license if:
- (a) ***The small farm winery is located in wet territory or in a precinct that has authorized alcoholic beverage sales by the small farm winery under Section 22 of this Act; and***
 - (b) 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.
- ~~(5)~~ ⁽⁶⁾ This section shall not exempt the holder of a small farm winery license from the provisions of KRS Chapters 241 ~~to~~ ^{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.

~~(6)(7)~~ Nothing contained in this section shall exempt a licensed out-of-state winery from obeying the laws of its resident state.

~~(7)(8)~~ 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.

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

→Section 55. KRS 243.157 is amended to read as follows:

(1) A microbrewery license shall authorize the licensee to perform the following functions:

- (a) Engage in the business of a brewer under the terms and conditions of KRS 243.150, provided that production of malt beverages at ~~the[such]~~ microbrewery shall not exceed fifty thousand (50,000) barrels in one (1) year;
- (b) Serve on the premises complimentary samples of malt beverages produced by ~~the[such]~~ microbrewery in amounts not to exceed sixteen (16) ounces per patron, provided the microbrewery is located in wet territory;
- (c) Sell malt beverages produced on the premises of the microbrewery to licensed distributors;
- (d) Sell malt beverages produced on the premises of the microbrewery for on- and off-premises purposes in accordance with subsection (3)(b) and (c) of this section; and
- (e) Sell malt beverages produced on the premises of the microbrewery to consumers at fairs, festivals, and other similar types of events located in wet territory, in accordance with subsection (3)(b)2. and 3. and subsection (3)(c)2. and 3. of this section. The cumulative amount of malt beverages purchased by a consumer by the drink and by the package from a microbrewery under this paragraph shall not exceed two hundred eighty-eight (288) ounces per day.

(2) A microbrewery license shall not be deemed to be incompatible with any other license except for a distributor's license under the provisions of KRS 243.180.

(3) In accordance with the provisions of this section, a microbrewery license holder may:

- (a) Hold retail drink and package licenses both on and off the premises of the microbrewery. The holder of a microbrewery license is exempt from the provisions of KRS 244.570 and 244.590 as applied to any retail licenses held by the microbrewery license holder, and from any other sections which would restrict the co-ownership of the microbrewery license and any retail licenses described in this section;
- (b) Sell malt beverages produced on the premises of the microbrewery for on-premises purposes without having to transfer physical possession of those malt beverages to a licensed distributor provided:
 1. The microbrewery possesses a retail drink license for those premises;
 2. The microbrewery has a written contract with a licensed distributor authorizing the distributor to purchase and distribute the microbrewery's malt beverages to any other retailer; and
 3. The microbrewery provides to the distributor a monthly report of the quantity of malt beverages produced at the microbrewery and sold at retail at the microbrewery under the provisions of its retail drink license. The report required under this subparagraph shall:
 - a. Be provided to the distributor on or before the tenth day of the month next succeeding the month in which the malt beverages were produced and sold at the microbrewery; and
 - b. Be provided on a form promulgated by the board by administrative regulation. The information provided on the form shall be reported to the Department of Revenue at the time and in the manner required by that department in accordance with its powers under KRS 131.130(3) and any administrative regulation promulgated thereunder.

Nothing in this subparagraph shall require a distributor to verify the accuracy of the information provided by the microbrewery in its report; and

- (c) Sell malt beverages produced on the premises of the microbrewery for off-premises purposes without having to transfer physical possession of those malt beverages to a licensed distributor provided that:
 1. The microbrewery possesses a retail package license for those premises;

2. The microbrewery has a written contract with a licensed distributor authorizing the distributor to purchase and distribute the microbrewery's malt beverages to any other retailer; and
3. The microbrewery provides to the distributor a monthly report of the quantity of malt beverages produced at the microbrewery under the provisions of its retail package license. The report required under this subparagraph shall:
 - a. Be provided to the distributor on or before the tenth day of the month next succeeding the month in which the malt beverages were produced and sold at the microbrewery; and
 - b. Be provided on a form promulgated by the board by administrative regulation. The information provided on the form shall be reported to the Department of Revenue at the time and in the manner required by that department in accordance with its powers under KRS 131.130(3) and any administrative regulation promulgated thereunder.

Nothing in this subparagraph shall require a distributor to verify the accuracy of the information provided by the microbrewery in its report; and

4. The amount of malt beverages purchased by a customer during a visit to the microbrewery's premises does not exceed two hundred eighty-eight (288) ounces per customer per day.
- (4) The provisions of subsection (3)(b) and (c) of this section shall apply only to malt beverages that are produced by the microbrewery at its licensed premises and:
- (a) Offered for sale by the microbrewery at that same premises under the microbrewery's retail drink or package license; or
 - (b) Offered for sale by the microbrewery at a fair, festival, or other similar type of event as authorized under subsection (1)(e) of this section.

All other malt beverages produced by the microbrewery which are offered for retail sale shall be sold and physically transferred to a licensed distributor in compliance with all other relevant provisions of KRS Chapters 241 ~~to~~ ~~242, 243, and~~ 244, and a licensed microbrewery shall not otherwise affect sales of malt beverages directly to retail customers except as provided in subsection (3)(b) and (c) of this section.

- (5) (a) A microbrewery selling malt beverages in accordance with subsection (3)(b) and (c) of this section shall collect and provide the licensed distributor all taxes due under KRS 243.884. The tax shall be computed at the rate of eleven percent (11%) of the wholesale value of the malt beverages sold by the microbrewery under the provisions of subsection (3)(b) and (c) of this section. For the purposes of this subsection "wholesale value" shall be determined in accordance with the contract required under subsection (3)(b)2. and (c)2. of this section, as applicable.
 - (b) The licensed distributor shall be responsible for remitting these amounts to the Commonwealth as provided in KRS 243.884(1). In accordance with KRS 243.886, the licensed distributor shall be allowed to deduct one percent (1%) of the tax remitted under this subsection, provided the amount due is not delinquent at the time of payment. Nothing in this subsection shall require the licensed distributor to verify the amount of taxes collected and provided by the microbrewery to be the true and accurate amount which is due according to KRS 243.884; nor shall the distributor be responsible for remittance of taxes due in the event the microbrewery fails to collect and provide the amounts owed under the provisions of this subsection.
 - (c) A microbrewery shall pay the excise tax on malt beverages in accordance with KRS 243.720(3) and 243.730 and shall be entitled to the credit set forth in KRS 243.720(3)(b).
- (6) A microbrewery shall not be located in dry *or moist* territory.
- (7) ***An employee of a microbrewery may sample the products produced by that microbrewery for purposes of education, quality control, and product development.***
- (8) This section does not exempt the holder of a microbrewery license from the provisions of KRS Chapters 241 ~~to~~ ~~242, 243, and~~ 244, nor from any rules of the board as established by administrative regulations, nor from regulation by the board, except as expressly stated in this section. The provisions of this section shall not be deemed inconsistent with the provisions of KRS 244.602.

~~(9)(8)~~ Nothing in this section shall be construed to vitiate the policy of this Commonwealth, as set forth in KRS 244.167 and 244.602, supporting an orderly three (3) tier system for the production and sale of malt beverages.

➔Section 56. KRS 243.160 is amended to read as follows:

- (1) A licensed wholesaler may purchase, receive, store, or possess distilled spirits and wine to sell at wholesale, from the licensed premises only, and to transport **to and** from the licensed premises ~~for himself or herself~~ only ~~any~~ alcoholic **beverages** ~~beverage~~ that the wholesaler's license authorizes the licensee to sell. The wholesaler may transport:
 - (a) Beverages in the manner provided for manufacturers in KRS 243.120; and
 - (b) Distilled spirits and wine from a manufacturer's warehouse or from another licensed wholesaler's premises to ~~the~~ ~~his or her~~ licensed **wholesaler** premises~~, if consumer's spirits stamps have been properly affixed to the spirits or wine that the wholesaler transports~~.
- (2) The holder of a wholesaler's license may sell **and transport its** ~~his or her~~ products to the holder of a special nonbeverage alcohol license.

➔Section 57. 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 ~~its~~ ~~his or her~~ own licensed premises, except as provided in **Section 58 of this Act** ~~[KRS 243.200(12)]~~.
- (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 58. KRS 243.200 IS REPEALED AND REENACTED TO READ AS FOLLOWS:

- (1) ***A transporter's license may be issued as a primary license to a motor carrier authorized to transact business in the Commonwealth by the Transportation Cabinet or the Federal Motor Carrier Safety Administration or to another person engaged in business as a common carrier. A person holding a transporter's license 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.***
- (2) ***The holder of a transporter's license shall cause each truck or vehicle to display the name of the licensee and the state license numbers in a manner prescribed by an administrative regulation promulgated by the board.***
- (3) ***An application for a transporter's license shall include a statement that the applicant, if issued a license, shall allow any authorized investigators 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.***

- (4) *Applicants for the transporter's license under this section, and their employees, shall be exempt from the residency requirements of Section 50 of this Act.*
- (5) *A licensee may move, within the same county, alcoholic beverages from one (1) of the licensee's licensed premises to another without a transporter's license. A licensee may move alcoholic beverages from one (1) of the licensee's licensed premises located in one (1) county to a licensed premises located in another county, without a transporter's license, with prior written approval of the administrator for good cause shown. The licensee shall keep and maintain, in one (1) of its licensed premises, adequate books and records of the transactions involved in transporting alcoholic beverages from one (1) licensed premises 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.*
- (6) *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 board. Both the wholesaler and the retailer engaging in activity under this subsection shall be responsible for maintaining records documenting the transactions.*

➔Section 59. KRS 243.212 is amended to read as follows:

- (1) An out-of-state distiller, wholesaler, rectifier, winery, small farm winery, importer for a distillery, winery, or small farm winery, or importer of a non-United States brand of distilled spirits or wine, **who is the primary source of supply**, may obtain a distilled spirits and wine supplier's license for importing distilled spirits and wine into Kentucky if it is:
- Licensed to do business in the state in which it is located; and
 - Registered with the Kentucky Department of Revenue.
- (2) An entity listed in subsection (1) of this section who wishes to import more than fifty thousand (50,000) gallons of distilled spirits or wine shall:
- Apply for an out-of-state distilled spirits and wine supplier's license on an application provided by the department;
 - Submit documentation required by the application; and
 - Pay the annual fee required by KRS 243.030.
- (3) An entity listed in subsection (1) of this section who wishes to import ~~at least two thousand (2,000) gallons but~~ less than fifty thousand (50,000) gallons of distilled spirits or wine shall:
- Apply for a limited out-of-state distilled spirits and wine supplier's license on an application provided by the department;
 - Submit documentation required by the application; and
 - Pay the annual fee required by KRS 243.030.
- ~~(4) An entity listed in subsection (1) of this section who wishes to import less than two thousand (2,000) gallons of distilled spirits or wine shall:~~
- ~~Apply for a micro out of state distilled spirits and wine supplier's license on an application provided by the department;~~
 - ~~Submit documentation required by the application; and~~
 - ~~Pay the annual fee required by KRS 243.030.~~
- ~~(5) An out-of-state applicant shall be exempt from the notice requirements of KRS 243.360.~~

➔Section 60. KRS 243.215 is amended to read as follows:

- (1) An out-of-state brewer, distributor, importer for a brewer, or importer of a non-United States brand of malt beverage, **who is the primary source of supply**, may obtain a malt beverage supplier's license for importing a malt beverage product into Kentucky if it is:
- Licensed to do business in the state in which it is located; and

- (b) Registered with the Kentucky Department of Revenue.
- (2) An entity listed in subsection (1) of this section who wishes to import more than twenty-five thousand (25,000) barrels or seven hundred seventy-five thousand (775,000) gallons of malt beverage shall:
 - (a) Apply for an out-of-state malt beverage supplier's license on an application provided by the department;
 - (b) Submit documentation required by the application; and
 - (c) Pay the annual fee required by KRS 243.040.
- (3) An entity listed in subsection (1) of this section who wishes to import less than twenty-five thousand (25,000) barrels or seven hundred seventy-five thousand (775,000) gallons of malt beverage shall:
 - (a) Apply for a limited out-of-state malt beverage supplier's license on an application provided by the department;
 - (b) Submit documentation required by the application; and
 - (c) Pay an annual fee required by KRS 243.040.
- (4) An out-of-state applicant shall be exempt from the notice requirements of KRS 243.360.

→ Section 61. KRS 243.220 is amended to read as follows:

No license ~~for the sale of alcoholic beverages at retail~~ shall be issued for any premises unless the applicant for the license is the owner of the premises or is in possession of the premises under a written *agreement* ~~lease~~ or a permit for a term of not less than the license period.

→ Section 62. KRS 243.230 is amended to read as follows:

(1) ~~(a)~~ *Except as limited by subsection (2) of this section*, quota retail drink licenses may be issued ~~only~~ for premises located within urban-county governments, *incorporated* cities ~~containing a population equal to or greater than eight thousand (8,000) based upon the most recent federal decennial census~~, or elsewhere in counties ~~containing an urban-county government or such a city~~ if those *cities and* counties maintain an adequate police force ~~under KRS 70.540 and 70.150 to 70.170~~.

~~(b) If one (1) or more quota retail drink licenses or NQ2 retail drink licenses have been issued to establishments in a city that does not meet the population requirements of paragraph (a) of this subsection or in a county that does not contain a city meeting the population requirements of paragraph (a) of this subsection prior to January 1, 2015, then that county or city shall continue to be treated in a manner as if the city or county meets the requirements of paragraph (a) of this subsection.~~

~~(2) Notwithstanding subsection (1) of this section, quota retail drink licenses may be issued for premises located within a city 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 95.761 to 95.784.~~

~~(3) Quota~~ ~~Notwithstanding subsection (1) of this section, NQ2~~ retail drink licenses may *not* be issued to ~~qualifying~~ premises located within a city~~, or in a county, if the city~~ or a county *that* has enacted an ~~economic hardship~~ ordinance *preventing the issuance of these licenses within the jurisdiction of the local government* ~~under KRS 243.072~~.

- ~~(3)~~~~(4)~~ (a) Quota retail package licenses may be issued only for premises located within:
 - 1. Incorporated cities; ~~or~~
 - 2. Elsewhere in counties containing an urban-county government or a city with a population equal to or greater than eight thousand (8,000) ~~based upon the most recent federal decennial census~~ if those counties maintain an adequate police force ~~under KRS 70.540 and 70.150 to 70.170~~.
- (b) If one (1) or more quota retail package licenses have been issued to establishments in a county that does not contain a city meeting the population requirements of paragraph (a) of this subsection prior to January 1, 2015, then that county shall continue to be treated in a manner as if the county meets the qualifications of paragraph (a) of this subsection.

~~(4)~~~~(5)~~ Notwithstanding subsection ~~(3)~~~~(4)~~ of this section, the department may, after a field investigation, issue a quota retail package license to premises not located within any city if the county maintains an adequate police force under KRS 70.540 and 70.150 to 70.170, and 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.

~~(5)(6)~~ 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 63. KRS 243.240 is amended to read as follows:

A quota retail package license shall authorize the licensee to purchase, receive, possess, and sell distilled spirits and wine at retail in unbroken packages only, and only for consumption off the licensed premises. ~~The~~~~[Such a]~~ licensee shall purchase distilled spirits and wine in retail packages only and only from licensed wholesalers~~[-The licensee may sell only to consumers and may make deliveries only at the premises designated in his or her license. The holder of a quota retail package license may also hold a nonquota retail malt beverage package license].~~

→ Section 64. 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 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 65. 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 *for the license*~~[therefor]~~ exists. *Unless inconsistent with this section, a special temporary licensee shall have*~~[This license shall authorize the licensee to exercise] the same privileges and restrictions~~ of a quota retail drink licensee and an NQ4 retail malt beverage drink licensee at *the* 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 *alcoholic*~~[distilled spirits, wine, or malt] beverages by the drink, for consumption *only* at the *designated premises and the date and times for the qualifying* event ~~only in:~~~~
 - (a) ~~Those cities and counties where quota retail drink licenses are authorized to be issued under KRS 243.230;~~
 - (b) ~~A city approving retail distilled spirits and wine sales under KRS 242.127 and 242.129; or~~
 - (c) ~~A city or county that has enacted an economic hardship ordinance under KRS 243.072].~~
- ~~(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 **dry or** moist territory ~~where only limited alcoholic beverages drink sales have been approved through a moist local option election~~.~~

➔Section 66. KRS 243.355 is amended to read as follows:

- (1) A distilled spirits and wine storage license may be issued as a primary license or as a supplementary license to the holder of a distiller's ~~license, for~~ rectifier's license, **or quota retail package license**.
- (2) A distilled spirits and wine storage license may be issued to any person ~~or entity~~ operating a bonded warehouse for distilled spirits, and who does not at the same time, and for the same premises, hold a federal operating permit for distilling purposes, but who possesses only a federal operating permit for a bonded warehouse for distilled spirits as defined by federal law and the Internal Revenue Code.
- (3) A licensee under this section may operate a bonded warehouse or warehouses for premises specifically designated, but this license shall become void if a federal operating permit for distilling purposes is issued for the same premises, and shall remain void while the federal permit remains in effect. Upon the granting of a federal operating permit for distilling purposes, the licensee of the premises previously licensed under this section shall obtain a license as set out in KRS 243.030(1).
- (4) A distilled spirits and wine storage license may be issued to persons or entities not otherwise entitled under Kentucky law to store or warehouse distilled spirits or wine, but who are so authorized by the federal government. The license shall authorize the licensee to operate a warehouse or place of storage for distilled spirits or wine on the premises specifically designated.
- (5) ***A quota retail package licensee holding a supplemental distilled spirits and wine storage license may store distilled spirits and wine at the storage licensed premises convenient to the licensee's regular retail package licensed premises.***

➔Section 67. KRS 243.360 is amended to read as follows:

- (1) ***All persons*** ~~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, a transporter's license, a special Sunday drink license, ***a hotel in-room license, a sampling license,*** or a special temporary drink license shall, before applying for a license ~~under KRS 243.030 and 243.040~~, advertise by publication ***their*** ~~under KRS 424.130(1)(b) his or her~~ intention to apply for a license ***in the newspaper for legal notices under KRS 424.120 for the county or city whose local administrator has local jurisdiction over the proposed premises.***
- (2) The notice shall ~~contain~~ ~~conform in all material respects to~~ the following ***information*** ~~requirements~~:
 - (a) The notice shall state: the name and address of the applicant ***and the name and address of each principal owner, partner, member, officer, and director if the applicant is a partnership, limited partnership, limited liability company, corporation, governmental agency, or other business entity recognized by law*** ~~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, ***the type of business,*** 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 ***approval*** ~~granting~~ of the license by writing the Department of Alcoholic Beverage Control, 1003 Twilight Trail, 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.
- (4) ***Substantial compliance with the information listed in subsection (2) of this section shall be sufficient to comply with this section.***

➔Section 68. 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 *administrator*. 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 *administrator*. 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 *administrator* and to the~~[director of the Division of]~~ malt beverages *administrator*.
- (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 *through the promulgation of an*~~[by]~~ administrative regulation. Each application shall be accompanied by payment. Payment of the license fee may be by certified check, 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 ~~may~~~~[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 69. KRS 243.390 is amended to read as follows:

- (1) ~~[In addition to other information as]~~The board may *require through the promulgation of an*~~[by]~~ administrative regulation *that license applications*~~[require, every application for a license under KRS 243.020 to 243.670 shall]~~ contain the following information, given under oath:
 - (a) The name, age, Social Security number, address, residence, and citizenship of each applicant;
 - (b) If the applicant is a partner, the name, age, Social Security number, address, residence, and citizenship of each partner and the name and address of the partnership;
 - (c) The name, age, Social Security number, address, residence, and citizenship of each *individual or partner*~~[person]~~ interested in the business for which the license is sought, together with the nature of that interest, and, if the applicant is a corporation, limited partnership company,~~[or]~~ limited liability company, *or other business entity recognized by law*, the name, age, Social Security number, *and* address~~[, and residence]~~ of each *principal owner, member, officer, and director of the applicant*~~[officer, director, member, partner, and managerial employee and the citizenship of each, and the state under the laws of which the corporate applicant is incorporated or organized]~~. The department may require the names of all *owners*~~[the stockholders]~~ and the *ownership* percentage~~[of stock]~~ held by each;
 - (d) The premises to be licensed, stating the street and number, if the premises has a street number, and~~[otherwise such]~~ a description that will reasonably indicate the location of the premises;
 - (e) *I.* A statement that neither the applicant nor any other person referred to in this section has been convicted of:~~[:]~~
 - a.* Any misdemeanor directly or indirectly attributable to alcoholic beverages;
 - b.* Any violation of KRS *Chapter 218A*~~[218A.050, 218A.060, 218A.070, 218A.080, 218A.090, 218A.100, 218A.110, 218A.120, or 218A.130]~~ within the two (2) years immediately preceding the application;
 - c.* Any felony, within five (5) years from the later of the date of parole or the date of conviction; or
 - d.* Providing false information to the department preceding the application; and
 - 2.* A *statement* that the applicant or any other person referred to in this section has not had any license that has been issued~~[to him]~~ under any alcoholic beverage statute revoked for cause within two (2) years prior to the date of the application;~~[and]~~

- (f) A statement that the applicant will in good faith abide by every state and local statute, regulation, and ordinance relating to the manufacture, sale, use of, and trafficking in alcoholic beverages; **and**
- (g) **Any other information necessary for the department to administer KRS Chapters 241 to 244.**

- (2) If, after a license has been issued, there is a change in any of the facts required to be set forth in the application, a verified supplemental statement in writing giving notice of the change shall be filed with the ~~department~~~~board~~ within ten (10) days after the change.
- (3) In giving any notice or taking any action in reference to a license, the ~~department~~~~board~~ may rely upon the information furnished in the application or in the supplemental statement connected with the application. This information, as against the licensee or applicant, shall be conclusively presumed to be correct. The information required to be furnished in the application or supplemental statement shall be deemed material in any prosecution for perjury.

➔Section 70. KRS 243.430 is amended to read as follows:

- (1) The state ~~administrator~~~~director~~ may **deny**~~reject~~ any application for a license ~~issued under KRS 243.030 and 243.040~~ if the application is incomplete or the correct fee has not been remitted with the application~~. In rejecting an application, the state director shall provide a written statement of the deficiencies contained in the application.~~
- (2) A license shall not be **approved or** issued until the thirty (30) day period in which a protest is permissible has expired. Any license for which public notice under KRS 243.360 is required may conditionally be issued in less than thirty (30) days from the date the application is received if the premises has previously operated under the same type of license within the last twelve (12) months.
- (3) **The state administrator shall deny, approve, or issue**~~All remaining~~ licenses ~~provided for in KRS 243.030 or 243.040 shall be issued~~ when, in the sound discretion of the ~~administrator~~~~director~~, all of the information necessary has been obtained **or the applicant has refused to provide requested information.**

➔Section 71. KRS 243.440 is amended to read as follows:

~~(1) All licenses under KRS 243.020 to 243.670 shall be in such form as may be prescribed by regulations of the board and shall contain:~~

- ~~(1)(a)~~ The name and address of the licensee;
- ~~(2)(b)~~ The number of the license;
- ~~(3)(c)~~ The type of the license;
- ~~(4)(d)~~ A description by street and number, or otherwise, of the licensed premises;
- ~~(5)(e) The name and address of the owner of the building in which the licensed premises are located;~~
 - ~~(f)~~ The expiration date of the license; **and**
- ~~(6)(g)~~ A statement in substance that the license shall not be a property or vested right and that it may be revoked at any time pursuant to law.

~~(2) Each kind of license shall be printed so as to be readily distinguishable from the other kinds.~~

➔Section 72. KRS 243.450 is amended to read as follows:

- (1) A license ~~to be issued under KRS 243.020 to 243.670~~ shall be **denied**~~refused~~:
 - (a) If the applicant or the premises for which the license is sought does not comply fully with all alcoholic beverage control statutes and the **administrative** regulations of the board;
 - (b) If the applicant **has not obtained approval from the local ABC administrator for a county or city license required at the proposed premises**~~for the premises for which the license is sought does not comply with all regulations of a city administrator or county administrator~~;
 - (c) If the applicant has done any act for which a revocation of license would be authorized; or
 - (d) If the applicant has made any false material statement in ~~its~~~~his~~ application.
- (2) A license ~~that might be issued under KRS 243.020 to 243.670~~ may be **denied**~~refused~~ by a state ~~administrator~~~~director~~ for any reason **that**~~which~~ the ~~administrator~~~~director~~, in the exercise of **the**

administrator's ~~his or her~~ sound discretion, deems sufficient. Among those factors that the *administrator* ~~director~~ shall consider in the exercise of *this* ~~his or her~~ discretion are:

- (a) Public sentiment in the area;
- (b) Number of licensed outlets in the area;
- (c) Potential for future growth;
- (d) Type of area involved;
- (e) Type of transportation available; ~~and~~
- (f) Financial potential of the area; *and*
- (g) *Applicant's status as a delinquent taxpayer as defined in KRS 131.1815.*

➔Section 73. KRS 243.470 is amended to read as follows:

- (1) If a state *administrator denies a license* ~~director rejects an~~ application, the *administrator* ~~director~~ shall notify the applicant *in writing of the denial and reasons* ~~his or her decision~~ by registered *or certified* mail at the address given in the application or supplement.
- (2) The applicant may, within thirty (30) days after the date of the mailing of the notice from the *state administrator, file a request with the board for an administrative hearing on the application* ~~director, indicate, in writing, his or her desire for a hearing~~. The hearing shall be conducted by the board *as a de novo review of the application* ~~for persons designated by the board~~ in compliance with the requirements of KRS Chapter 13B.
- (3) *If the state administrator denies an application and the applicant does not timely request a board hearing on its application under subsection (2) of this section, the department shall refund payment of the license fee to the applicant if requested. The department shall also refund payment of any license fee erroneously paid by an applicant.*

➔SECTION 74. KRS 243.490 IS REPEALED AND REENACTED TO READ AS FOLLOWS:

A license may be revoked or suspended by the board for a violation of any of the following:

- (1) *Any of the provisions of KRS Chapters 241 to 244;*
- (2) *Any administrative regulation of the board relating to the regulation of the manufacture, sale, and transportation of alcoholic beverages;*
- (3) *Any rule or administrative regulation of the Department of Revenue relating to the taxation of alcoholic beverages;*
- (4) *Any Act of Congress or any rule or regulation of any federal board, agency, or commission;*
- (5) *Any local ordinance relating to the regulation of the manufacture, sale, and transportation or taxation of alcoholic beverages;*
- (6) *Any of the laws, regulations, or ordinances referred to in this section when an agent, servant, or employee of the licensee committed the violation, irrespective of whether the licensee knew of or permitted the violation or whether the violation was committed in disobedience of the licensee's instructions;*
- (7) *Any cause which the Alcoholic Beverage Control Board in the exercise of its sound discretion deems sufficient; or*
- (8) *Any of the reasons for which the state administrator would have been required to deny a license if existing material facts had been known.*

➔Section 75. KRS 243.500 is amended to read as follows:

Any license ~~issued under KRS 243.020 to 243.670~~ may be revoked or suspended for the following causes:

- (1) Conviction of the licensee or *the licensee's* ~~his~~ agent, *servant*, or employee for selling any illegal *alcoholic* beverages on the licensed premises.
- (2) Making any false, material statements in an application *or renewal application* for a license or supplemental license.

(3) ~~Violation of the provisions of KRS 243.670.~~

(4) Conviction of the licensee or any of *the licensee's* ~~[his clerks, servants,]~~ agents, *servants*, or employees of:

- (a) Two (2) violations of the terms and provisions of KRS ~~Chapters~~ *Chapter* 241 ~~to~~, 243, ~~or~~ 244, or any act regulating the manufacture, sale, and transportation of alcoholic beverages within two (2) consecutive years;
- (b) Two (2) misdemeanors directly or indirectly attributable to the use of *alcoholic beverages* ~~[intoxicating liquors]~~ within two (2) consecutive years; or
- (c) Any felony.

~~(4)~~(5) Failure or default of a licensee to pay an excise tax or any part of the tax or any penalties imposed by or under the provisions of any statutes, ordinances, or Acts of Congress relative to taxation, or for a violation of any *related* administrative regulations promulgated by the Department of Revenue ~~[made in pursuance thereof].~~

~~(5)~~(6) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600, and 243.610, or granted under any Act of Congress relative to the regulation of the manufacture, sale, and transportation of alcoholic beverages ~~[. Any license issued under KRS 243.020 to 243.670 shall be revoked or suspended if the licensee sells the alcoholic beverages at a price in excess of the price set by federal or state regulations].~~

~~(6)~~(7) Setting up, conducting, operating, or keeping, on the licensed premises, any gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility for betting or transmitting bets on horse races; or permitting to be set up, conducted, operated, kept, or engaged in, on the licensed premises, any *gambling* ~~[such]~~ game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility. This *subsection* ~~[section]~~ shall not apply to:

- (a) ~~[contests in which eligibility to participate is determined by chance and the ultimate winner is determined by skill and the licensee has no direct interest, or to]~~ The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- (b) *The operation of a pari-mutuel system for betting, where authorized by law;*
- (c) *The conduct of charitable gaming by a charitable organization licensed or permitted under KRS Chapter 238; or*
- (d) *Special temporary raffles of alcoholic beverages under Section 37 of this Act.*

~~(7)~~(8) Conviction of the licensee, *the licensee's* ~~[his]~~ agents, servants, or employees for:

- (a) The *trafficking or possession* ~~[sale or use]~~ upon the licensed premises of ~~[those items described in KRS 218A.050 to 218A.130 as]~~ controlled *or illegal* substances *described in KRS Chapter 218A*, including synthetic drugs;
- (b) Knowingly permitting the *trafficking or possession* ~~[sale or use]~~ by patrons upon the licensed premises of ~~[those items described in KRS 218A.050 to 218A.130 as]~~ controlled *or illegal* substances *described in KRS Chapter 218A*, including synthetic drugs; or
- (c) Knowingly receiving stolen property upon the licensed premises.

(8) *Failure to comply with the terms of a final order of the board.*

➔ Section 76. KRS 243.520 is amended to read as follows:

The department ~~[A state director or a person designated by him]~~ may, on *its* ~~[his]~~ own initiative or on the complaint of any person, institute *administrative* proceedings *before the board* to revoke *or suspend* any license ~~[under KRS 243.020 to 243.670].~~ A license may be revoked *or suspended* only after the licensee has been afforded the opportunity for a hearing conducted in accordance with KRS Chapter 13B. *The department may issue an emergency order pursuant to KRS 13B.125 to summarily suspend a license upon finding that continued operation of the license holder pending a hearing would constitute a threat to the public health, safety, or welfare.*

➔ Section 77. KRS 243.530 is amended to read as follows:

Within three (3) days after any order of revocation of a license ~~[issued under KRS 243.020 to 243.670]~~ becomes final, notice of revocation shall be given to the licensee and to the owner of the licensed premises. A notice mailed to the licensee and to the owner of the licensed premises at the address shown in the last application for a license or in the last statement supplemental to the application shall be deemed sufficient compliance with this section. The

licensee shall at once surrender ~~its~~^{his} license to the ~~department~~^{board}. If the license revoked is for premises located in any city that has a police force of its own, the ~~department~~^{board}, immediately upon mailing notice of the revocation of the license to the licensee, shall mail to the chief of the police department of that city a written notice stating the fact of the revocation, the name of the licensee whose license was revoked, the address of the premises that had been licensed under the revoked license, and the date of the revocation. If the license revoked is for premises that are not located in any city with a police force of its own, the ~~department~~^{board} shall in like manner and at like time mail a similar notice to the sheriff of the county in which the premises are located. If the revoked license is not ~~forthwith~~ surrendered **at once** by the licensee, the chief of the police department or sheriff shall, at the request of the ~~department~~^{board}, immediately cause one of ~~its~~^{his} officers to take physical possession of the license and return it to the ~~department~~^{board}.

➔Section 78. KRS 243.540 is amended to read as follows:

- (1) The provisions of this section shall apply to any licensee who is unable to continue in business at the licensed premises because of:
 - (a) An act of God;
 - (b) A casualty;
 - (c) An acquisition by a federal, state, city, or other governmental agency under the power of eminent domain granted to the government or agency;
 - (d) A voluntary or involuntary acquisition by any ~~private~~ corporation **or other business entity recognized by law** through the ~~corporation's~~ power of eminent domain;
 - (e) A loss of lease because the landlord fails to renew an existing lease;
 - (f) Court action;
 - (g) **Default under a security agreement;**
 - (h) **Default under a lease;** or
 - (i) Other verifiable business reason.
- (2) If a license issued by the department has been revoked, the former licensee may, under the supervision of the state ~~administrator~~^{director}, dispose of and transfer **the former licensee's**~~his or her~~ stock to another licensee if the disposition is completed within ninety (90) days and the licensee is a distiller, rectifier, winery, or brewer. The disposition shall be completed within thirty (30) days if the licensee is a wholesaler or distributor or within twenty (20) days if the licensee is a retailer.
- (3) A retail licensee in good standing with the department who voluntarily ceases to operate **the licensed**~~his or her~~ business for any reason other than revocation by the board or a court order shall dispose of all alcoholic beverage inventory within thirty (30) days of the event. The following requirements shall apply to the disposition of the licensee's inventory:
 - (a) If the premises is still open to the public and the licensee has not yet surrendered the license, the licensee shall sell alcoholic beverages only to the public and shall not sell below costs;
 - (b) If a licensee has terminated **the licensed**~~his or her~~ business ~~and has surrendered his or her license to the department~~, **the licensee**~~he or she~~ shall submit a written request for approval from the state ~~administrator~~^{director} within ten (10) days in advance of the sale to dispose of the licensee's remaining inventory. The request shall identify the retailer who is purchasing the inventory, the proposed date of the sale, and the quantity, types, and brands of alcohol to be sold; and
 - (c) If a licensee has more than one (1) licensed retail premises and closes one (1) or more retail premises and seeks to transfer ~~the~~^{his or her} inventory to another licensed retail premises ~~the licensee~~^{he or she} owns, **the licensee**~~he or she~~ shall submit a request in writing to the state ~~administrator~~^{director} at least ten (10) days before the inventory is transferred. The request shall identify the premises to which the alcohol is being transferred, the proposed date of the transfer, and the quantity, types, and brands of alcohol to be sold.
- (4) If a ~~retail~~ licensee files for bankruptcy or is directed by a court to dispose of inventory to satisfy a lien or judgment, the inventory may be sold only to a ~~retail alcoholic beverage~~ licensee **holding any license that authorizes the possession and sale of those alcoholic beverages**. The bankrupt licensee or the licensee subject

to the court order shall notify the department of the sale and shall attach a copy of the court order or the judgment directing the sale and a list of the quantity, types, and brands of alcohol to be sold, **but if the licensee fails to do so, the notification may be made by the bankruptcy trustee, the lienholder, or the judgment creditor.** Any licensee who purchases the inventory shall notify the department within five (5) days after the transfer of the specific inventory sold.

- (5) ***A secured creditor or landlord that is in possession, custody, or control of any alcoholic beverages owned by a licensee may dispose of those alcoholic beverages in the following manner:***
- (a) ***The secured creditor or landlord shall submit a written request for approval from the state administrator, within twenty (20) days in advance of the sale or destruction of the licensee's remaining inventory. The request shall identify the:***
1. ***Licensee who is purchasing the inventory or the business to destroy the inventory;***
 2. ***Proposed date of the sale or destruction; and***
 3. ***Quantity, types, and brands of alcohol to be sold or destroyed;***
- (b) ***The proposed transferee or transferees may be any person or persons holding any license that authorizes the possession and sale of those alcoholic beverages, or a business authorized to dispose of alcoholic beverages;***
- (c) ***A copy of the written request shall be mailed by the department to the licensee's registered agent or last known address on file with the department by certified mail. Within ten (10) days after the department's mailing of this request, the licensee shall file with the department and applicant any objection the licensee has to the request, or be permanently barred from objecting; and***
- (d) ***If a sale is approved, the licensee who purchases the inventory shall notify the department within five (5) days after the transfer of that specific inventory.***
- (6) ***The board may promulgate administrative regulations for additional means for the transfer or disposal of alcoholic beverage inventory.***

➔Section 79. KRS 243.550 is amended to read as follows:

Hearings upon appeals from orders of a ~~local~~~~county administrator or a city~~ administrator, a **license** determination of a state ~~administrator~~~~director~~, or upon proceedings **initiated by the department** for **license** revocation or suspension shall be held by the board. The board may, at its discretion, hold the hearing in Frankfort, or in the county where the licensed premises, or the premises to be licensed, are located. Decisions shall be made and final orders entered only upon the vote of a majority of the board. The hearings shall be conducted in accordance with the provisions of KRS Chapter 13B.

➔Section 80. KRS 243.560 is amended to read as follows:

- (1) ~~All~~~~Any~~ final ~~orders~~~~order~~ of the board **may be appealed to the Circuit Court of the county where the appellant resides or the county containing the appellant's licensed premises, if any, notwithstanding KRS Chapter 13B**~~refusing, revoking or suspending a license may be appealed from by the applicant or licensee, and any final order of the board granting or refusing to revoke or suspend a license may be appealed from by any citizen feeling himself aggrieved.~~
- (2) ***A party to the administrative action may institute an appeal by filing a petition in the office of the clerk of the Circuit Court of the county where the appellant resides or the county containing the appellant's licensed premises, if any, within thirty (30) days after the final order of the board is mailed or delivered by personal service***~~The person aggrieved by a final order may file a petition in the office of the clerk of the Franklin Circuit Court in accordance with KRS Chapter 13B.~~
- (3) The board, **department**,~~and the~~ licensee or applicant, **and any other parties to the administrative action** shall be necessary parties to **all**~~any~~ appeals~~. If the appeal is from a final order refusing, revoking, or suspending a license, the board, when served with the summons, or a person as the board may designate, shall appear and defend the action of the board in refusing, revoking, or suspending the license in question. If the appeal is from a final order granting or refusing to revoke or suspend a license the burden of appearing and defending the action of the board shall be upon the licensee.~~
- (4)~~If the appeal is from a final order of the board refusing, revoking, or suspending a license, the costs of the appeal shall be taxed against the applicant or licensee in any case. If the appeal is from a final order issuing or refusing to revoke or suspend a license, the costs shall be taxed against the citizen who, feeling himself~~

~~aggrieved, has contested the final order, if the final order of the board issuing or refusing to revoke the license is sustained. If the final order is set aside with direction to the board to refuse, revoke, or suspend the license, the costs shall be taxed against the licensee.~~

- ~~(5)}~~ No final order of the board issuing a license shall become effective, and no license under that final order shall be issued, until the expiration of the appeal period contained in KRS Chapter 13B. If an appeal from a final order has been filed as provided under KRS 13B.140, the final order shall not become effective until the appeal has been finally determined by the courts. ***During the pendency of any appeal, a court may dissolve the stay under this section for good cause shown.***

➔Section 81. KRS 243.590 is amended to read as follows:

Any party aggrieved by a judgment of the ~~Franklin~~ Circuit Court may appeal to the Court of Appeals in accordance with the Rules of Civil Procedure.

➔Section 82. KRS 243.620 is amended to read as follows:

- (1) Before commencing or doing any business for the time for which a license has been issued, all licenses ~~issued under KRS 243.020 to 243.670~~ shall be posted and at all times displayed in a conspicuous place in the room or principal room where the business is carried on, so that all persons visiting the place may readily see the license.
- (2) No licensee shall post the license or permit it to be posted, upon premises other than the licensed premises or upon premises where traffic in alcoholic beverages is being carried on by any person other than the licensee, or knowingly deface, destroy, or alter the license in any respect.

➔Section 83. KRS 243.630 is amended to read as follows:

- (1) For purpose of this section, "transfer" means:
 - (a) The transfer to a new person or entity of ten percent (10%) or more ownership interest in any ***licensed business or license*** ~~issued under KRS 243.020 to 243.670~~; ~~or~~
 - (b) The transfer in bulk, and not in the ordinary course of business, of a major part of the fixtures, materials, supplies, merchandise, or other inventory of a licensee's business; ***or***
 - (c) ***The transfer of a business or license to a different premises.***
- (2) Any license issued ~~under KRS 243.020 to 243.670~~ to any person for any licensed premises shall not be transferable or assignable to any other person or to any other premises or to any other part of the building containing the licensed premises, unless a transfer or assignment is authorized by the state ***administrator*** ~~director~~ in the exercise of ~~his~~ sound discretion ~~under KRS 243.640 or 243.650. For the purposes of this section, each railroad dining car shall be deemed premises to be separately licensed~~.
- (3) A licensee shall not acquire or otherwise dispose of any interest in a licensed premises or any license issued by the department, by sale of assets, stock, inventory, control or right of control, or activities on the licensed premises without prior approval of the state ***administrator*** ~~director~~. The state ***administrator*** ~~director~~ shall ***treat a transfer applicant as*** ~~grant approval if the person acquiring the interest meets the qualifications for~~ a new applicant ***for qualification and discretion purposes.***
- (4) Any acquisition of interest in a license without prior authorization shall be void.
- (5) All applications for approval of a transfer shall be made in writing to the state ***administrator*** ~~director~~ having jurisdiction over the license.
- (6) Applications for approval of a transfer shall be made under oath or affirmation, shall be signed by both the transferor and the transferee, and shall contain ~~any~~ ~~such~~ other information ***prescribed by*** ~~as~~ the department ~~may prescribe~~.
- (7) The appropriate state ***administrator*** ~~director~~ shall ~~grant or~~ deny ***or approve*** the application ***when, in the sound discretion of the administrator, all of the necessary information has been obtained or the applicant has refused to provide requested information*** ~~within sixty (60) days of the date the application is substantially complete or on a later date that is mutually acceptable to the director and the transferee~~, but it shall not be acted upon before the end of the public protest period outlined in KRS 243.360.

- (8) No licensee or other person seeking to acquire an interest in an existing license shall transfer control or assume control of any licensed premises by agreement or otherwise without the written consent of the state ~~administrator~~~~director~~ of malt beverages or the state ~~administrator~~~~director~~ of distilled spirits or both.
- (9) A licensee shall not transfer ~~its~~~~his or her~~ license or any interest in the license while any proceedings against the license or the licensee for a violation of any statute or *administrative* regulation which may result in the suspension or revocation of the license are pending.
- (10) A licensee shall not transfer ~~its~~~~his or her~~ license or any interest ~~it~~~~he or she~~ has in the license if the licensee owes a debt on the inventory to a wholesaler responsible for the collection and payment of the tax imposed under KRS 243.884.
- (11) A licensee shall not transfer ~~its~~~~his or her~~ license or any interest in the license if the licensee owes the Commonwealth of Kentucky for taxes as defined in *subsection (4) of Section 75 of this Act*~~[KRS 243.500(5)]~~. A transfer shall not take place until the department is notified by the Kentucky Department of Revenue that the licensee's indebtedness has been paid or resolved to the satisfaction of the Department of Revenue. This section shall not prohibit a transfer of a license or an interest in a license by a trustee in bankruptcy if all other requirements of this section are met.

➔Section 84. KRS 243.640 is amended to read as follows:

- (1) If a corporation, *limited liability company, limited partnership,* ~~or~~ partnership, *or other business entity recognized by law* that holds a license ~~under KRS 243.020 to 243.670~~ is dissolved, or if a receiver, assignee for the benefit of creditors, or a guardian or conservator for the property of a licensee ~~under those sections~~ is appointed during the time for which a license was *approved* ~~granted~~, or if a licensee ~~under those sections~~ dies during the time for which the license was issued and a personal representative is appointed for *the licensee's*~~his or her~~ estate, that corporation, *limited liability company, limited partnership,* partnership, *other business entity recognized by law,* receiver or assignee, or the personal representative of the estate of the deceased or individual adjudged to be mentally disabled, may be permitted to continue the business upon the licensed premises for the balance of the term for which the license was effective, *and any renewed license approved by the state administrator,* with the same rights and subject to the same restrictions and liabilities as if ~~they~~~~he or she~~ had been the original licensee.
- (2) Before continuing the business the receiver, assignee, personal representative, or committee shall file a statement *with the state administrator or administrators* setting forth ~~in the form the board prescribes~~ the facts and circumstances by which ~~they have~~~~he or she has~~ succeeded to the rights of the original licensee. The *administrator or administrators*~~state director of the division that issued the original license~~ may, in the exercise of *the administrator's*~~his~~ sound discretion, permit or refuse to permit the continuance of the business.
- (3) If the ~~administrator~~~~director~~ permits the continuance of the business, the license shall be submitted to *the administrator*~~him or her~~, and *the administrator*~~he or she~~ shall write or stamp across the face of the license the words: "... is permitted to exercise the rights and privileges of the original licensee as (assignee, receiver, personal representative, or committee, as the case may be) of the original licensee for the unexpired term of this license." The *endorsement*~~indorsement~~ on the face of the license shall be dated and signed by the person making it.

➔Section 85. KRS 243.650 is amended to read as follows:

In case of destruction by an act of God or casualty for which the licensee was not responsible, of premises for which a license ~~under KRS 243.020 to 243.670~~ has been issued, the state ~~administrator~~~~director who issued the license~~ may, if in *the administrator's*~~his~~ discretion ~~the~~~~such~~ action is necessary to attain justice, change the license to authorize continuance of business at other premises. No ~~such~~ transfer shall be made unless the licensee has filed a written verified statement of the reasons for the necessity of transfer. If the transfer is made the state ~~administrator~~~~director~~ shall *endorse*~~indorse~~ a description of the new premises upon the license and shall date and sign the *endorsement*~~indorsement~~.

➔Section 86. KRS 243.660 is amended to read as follows:

No person shall pledge or *grant a security interest in*~~hypothecate~~ any license ~~issued under KRS 243.020 to 243.670~~. *This type of*~~Any such~~ pledge or *security interest*~~hypothecation~~ and any contract providing *for the pledge or security interest*~~therefor~~ shall be void.

➔Section 87. KRS 243.670 is amended to read as follows:

The license fee for every license~~[under KRS 243.020 to 243.670]~~ shall be payable by the person who makes application for the license and to whom it is issued, and no other person shall pay for any license issued~~[under those sections]~~.

→ Section 88. KRS 243.895 is amended to read as follows:

~~{(1) —}~~ All licensed *retailers*~~[retail vendors]~~ of alcoholic beverages, *except holders of special temporary licenses*, shall post in a prominent place easily seen by patrons a printed sign at least *eight and one-half (8-1/2) inches by eleven (11) inches*~~[by fourteen (14) inches]~~ in size,~~[with letters at least one (1) inch high, supplied by the Department of Alcoholic Beverage Control, and]~~ with gender-neutral language supplied by the Cabinet for Health and Family Services, which shall warn that drinking alcoholic beverages prior to conception or during pregnancy can cause birth defects.

~~{(2) —}~~ A person who violates subsection (1) of this section shall be subject to a fine of not less than ten dollars (\$10) nor more than fifty dollars (\$50).~~]~~

→ Section 89. KRS 244.050 is amended to read as follows:

A~~{(1) —}~~ No retail licensee shall *not sell, give away, or deliver* any alcoholic beverage *at retail* in any quantity~~[or deliver it in any quantity]~~ for less than *paid or current wholesale cost*~~[a full monetary consideration]~~, except *upon written request and approval by the administrators, pursuant to a bona fide "close out" sale, or* as provided by KRS 243.0305, 243.155, 243.157, and *Section 28 of this Act*~~[subsection (2) of this section]~~.

~~{(2) —}~~ The holder of a quota retail drink license, a quota retail package license, an NQ2 license, or a distillery license may, after acquiring a sampling license, allow customers to sample, free of charge, distilled spirits and wine under the following conditions:

(a) — Free sampling shall be permitted only on licensed premises and by licensees holding a sampling license, during regular business hours; and

(b) — Except as authorized by KRS 243.0305, a licensee shall limit a customer to:

1. — One (1) ounce of free distilled spirits samples per day; and

2. — Six (6) ounces of free wine samples per day.

~~{(3) —}~~ Retailers holding a sampling license shall:

(a) — Notify the Department of Alcoholic Beverage Control at least seven (7) days in advance of conducting a free sampling event; and

(b) — Limit a free sampling event to a period not to exceed four (4) consecutive hours between 12 noon and 8 p.m.

~~{(4) —}~~ In addition to free sampling, a quota retail package licensee holding a sampling license may also sell sample distilled spirits and wine under the following conditions:

(a) — Paid samples may be sold only on licensed premises and by licensees holding a sampling license, during regular business hours; and

(b) — A licensee shall limit a customer to purchased samples totaling no more than:

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

2. — Nine (9) ounces of wine per day.

~~{(5) —}~~ A quota retail package licensee holding both a sampling license and a nonquota retail malt beverage package license may also sell samples of malt beverages under the following conditions:

(a) — Paid samples may be sold only on licensed premises and by licensees holding a sampling license, during regular business hours;

(b) — A licensee shall limit a customer to no more than sixteen (16) ounces of malt beverages per day;

(c) — Nothing in this subsection shall allow a quota retail package licensee to provide a customer samples of malt beverages free of charge;

(d) — The retail price of a sample shall not be less than a licensee's purchase cost of the sample; and

- (e) ~~A licensee, supplier, or individual shall not request, require, or allow a distributor to provide malt beverages free of charge or participate in any activity allowed under this subsection.~~
- (6) ~~No customer shall be allowed to receive a combination of free and purchased samples totaling more than:~~
- (a) ~~Two (2) ounces of distilled spirits per day; and~~
- (b) ~~Nine (9) ounces of wine per day.~~
- (7) ~~Samples sold under subsections (4) and (5) of this section shall not constitute drink sales.]~~

➔Section 90. KRS 244.060 is amended to read as follows:

- (1) No licensee~~[under KRS 243.020 to 243.670]~~ shall purchase or agree to purchase any alcoholic beverages from any person within or without this state, who is not licensed to sell the beverages to the particular purchaser at the time of the agreement to sell, nor give any order for any alcoholic beverages to any person who is not a holder of a special agent's or solicitor's license if *this*~~[such a]~~ license is required.
- (2) No licensee~~[under KRS 243.020 to 243.670]~~ shall sell or agree to sell any alcoholic beverage to any person within or without this state who is not legally authorized to buy and receive the beverages at the time of the agreement to sell, nor secure any order for the sale of any alcoholic beverages through any person who is not the holder of a special agent's or solicitor's license.

➔Section 91. KRS 244.080 is amended to read as follows:

A retail licensee, or the licensee's agent, servant, or employee, shall not sell, give away, or deliver any alcoholic beverages, or procure or permit any alcoholic beverages to be sold, given away, possessed by, or delivered to:

- (1) A minor, except that in any prosecution for selling alcoholic beverages to a minor it shall be an affirmative defense that the sale was induced by the use of false, fraudulent, or altered identification papers or other documents and that the appearance and character of the purchaser were such that *the purchaser's*~~[his or her]~~ age could not have been ascertained by any other means and that the purchaser's appearance and character indicated strongly that *the purchaser*~~[he or she]~~ was of legal age to purchase alcoholic beverages. This evidence may be introduced either in mitigation of the charge or as a defense to the charge itself.
- (2) A person *who appears to a reasonable person to be* actually or apparently under the influence of alcoholic beverages, *controlled substances, other intoxicating substances, or any of these substances in combination, to the degree that the person may endanger any person or property, or unreasonably annoy persons in the vicinity.*
- ~~[(3) Anyone known to the seller or server to be an habitual drunkard or any person known to the seller or server to have been convicted of drunkenness as many as three (3) times within the most recent twelve (12) month period.~~
- ~~(4) Anyone known to the seller or server to have been convicted of any misdemeanor attributable directly or indirectly to the use of alcoholic beverages or anyone known to the seller or server to have been convicted of a felony.]~~

➔Section 92. KRS 244.085 is amended to read as follows:

- (1)~~[(3)]~~ As used in KRS 244.083 and this section: "Premises" has the meaning it is given in KRS 241.010 and also means the place of business of a person licensed to sell alcoholic beverages including, in the case of drive-in establishments, the entire lot upon which the business establishment is situated.
- ~~(2)]~~ A person under twenty-one (21) years of age shall not enter any premises licensed for the sale of alcoholic beverages for the purpose of purchasing or receiving any alcoholic beverages.
- ~~(2)]~~~~(3)]~~ A person under twenty-one (21) years of age shall not possess for *personal*~~[his or her own]~~ use or purchase or attempt to purchase or have another purchase for *the person*~~[him or her]~~ any alcoholic beverages. No person shall aid or assist any person under twenty-one (21) years of age in purchasing or *being*~~[having]~~ delivered or served~~[to him or her]~~ any alcoholic beverages.
- ~~(3)]~~~~(4)]~~ A person under twenty-one (21) years of age shall not misrepresent *the person's*~~[his or her]~~ age for the purpose of inducing any licensee, or the licensee's agent, servant, or employee, to sell or serve any alcoholic beverages to the underage person.

- (4)~~(5)~~ A person under twenty-one (21) years of age shall not use, or attempt to use any false, fraudulent, or altered identification card, paper, or any other document to purchase or attempt to purchase or otherwise obtain any alcoholic beverage.
- (5)~~(6)~~ Except as provided in KRS ~~244.087 and~~ 244.090, a licensee, or ***the licensee's***~~his or her~~ agents, servants, or employees shall not permit any person under twenty-one (21) years of age to remain on any premises where alcoholic beverages are sold by the drink or consumed on the premises, unless:
- (a) The usual and customary business of the ***licensee***~~establishment~~ is a hotel, motel, restaurant, convention center, convention hotel complex, racetrack, simulcast facility, golf course, private club, park, fair, church, school, athletic complex, athletic arena, theater, small farm winery, distillery, ~~or~~ brewery, ~~or~~ winery ~~tour~~, convenience store, grocery store, drug store, ***entertainment destination center***, licensed APC premises, or ***any other business type, as determined by the board through the promulgation of administrative regulations, whose operations allow it to adequately monitor and prevent alcohol sales to minors***~~similar establishment~~;
 - (b) All alcoholic beverage inventory is kept in a separate, locked department at all times when minors are on the premises;
 - (c) Written approval has been granted by the department to allow minors on the premises until 10 p.m. where the sale of alcohol is incidental to a specific family or community event including but not limited to weddings, reunions, or festivals. The licensee's request shall be in writing and shall specifically describe the event for which approval is requested. The state ***administrators***~~director~~ shall approve or deny the request in writing; or
 - (d) The usual and customary business of the establishment is an entertainment facility where prebooked concerts are held. For the purpose of this paragraph, house bands, disc jockeys, and karaoke are not considered concerts. During the times minors are on the premises under this paragraph, the licensee shall:
 1. Maintain the responsibility of all ticket sales;
 2. Sell the concert tickets directly to the patron or have a contractual agreement with a vendor or promoter to sell the concert tickets for the licensee;
 3. Maintain records of all gross concert ticket sales. The concert tickets shall have the name of a band or performer as well as the date of the concert;
 4. Permit minors to be in the area where the concert is taking place only during the time of the concert; and
 5. Prohibit minors on the premises until thirty (30) minutes prior to the concert and prohibit minors from remaining on the premises more than thirty (30) minutes after the concert performance has ended.
- (6)~~(7)~~ Except as provided in subsection (5)~~(6)~~ of this section, a licensee or the licensee's agent, servant, or employee shall not allow any person under the age of twenty-one (21) to remain on any premises that sells alcoholic beverages by the package unless the underage person is accompanied by a parent or guardian or the usual and customary business of the establishment is a convenience store, grocery store, drugstore, or similar establishment.
- (7)~~(8)~~ Except as provided in subsection (5)~~(6)~~ of this section, a person under the age of twenty-one (21) shall not remain on any premises that sells alcoholic beverages by the package unless ***the person under the age of twenty-one (21)***~~he or she~~ is accompanied by a parent or guardian or the usual and customary business of the establishment is a convenience store, grocery store, drugstore, or similar establishment.
- (8)~~(9)~~ A violation of subsection (1), (2), (3), (4),~~(5),~~ or (7)~~(8)~~ of this section shall be deemed a status offense if committed by a person under the age of eighteen (18) and shall be under the jurisdiction of the juvenile session of the District Court or the family division of the Circuit Court, as appropriate.
- ➔Section 93. KRS 244.090 is amended to read as follows:
- (1) A person holding any license ~~under KRS Chapters 241 to 244~~ shall not knowingly employ in connection with ***the licensed***~~his or her~~ business any person who:

- (a) Has been convicted of any felony within the last two (2) years~~[-. The provisions of this paragraph shall apply to any new applicant for a license issued under this chapter after July 15, 1998, but shall not apply to renewals of licenses that were originally issued prior to July 15, 1998, or supplemental licenses related to an original license if the original license was issued prior to July 15, 1998];~~
- (b) Has been twice convicted of any misdemeanor or offense directly or indirectly attributable to the use of **alcoholic beverages**~~[intoxicating liquors]~~ within the last two (2) years;
- (c) Is under the age of twenty (20) years, unless the person is employed:
 - 1. In a bottling house or room of a licensed distiller, winery, brewer, or rectifier;
 - 2. In an office of a wholesaler or manufacturer that is maintained in a building separate from the warehouses or factory~~[- or as provided in KRS 244.087]; [- or]~~
 - 3. **At premises licensed only with a nonquota retail malt beverage package license, and the person employed to sell malt beverages is at least eighteen (18) years of age and under the supervision of a person twenty (20) years of age or older; or**
 - 4. In any of the following establishments, if the employment is in a capacity that does not involve the sale or serving of alcoholic beverages:
 - a. A restaurant that derives at least fifty percent (50%) of its food and **alcoholic** beverage sales from the sale of food for consumption on the licensed premises; or
 - b. Any other establishment with alcoholic beverage sales not exceeding fifty percent (50%) of its gross sales; or
- (d) Within two (2) years prior to the date of **the person's**~~[his]~~ employment, has had any license issued under KRS Chapters 241 to 244 or under any other act or ordinance relating to the regulation of the manufacture, sale, or transportation of alcoholic beverages revoked for cause.
- (2) The provisions of paragraphs (a) and (b) of subsection (1) of this section shall not apply if the employee's duties do not involve the sale, service, delivery, or traffic in alcoholic beverages at the licensed premises.
- (3) Violation of this section shall subject both employer and employee to penalties provided in this chapter and shall be cause for revocation of license.

➔Section 94. KRS 244.110 is amended to read as follows:

The entrance of any premises for which a **quota retail package license or a quota retail drink** license has been issued shall be of clear glass and permit an unobstructed view. The premises shall be~~[- so]~~ erected and maintained~~[- as]~~ to furnish a clear view of the premises from the sidewalk, or, if the premises are not on the street level, from the entrance. No partition, box, stall, screen, curtain, or other device shall obstruct the view or the general observation of persons, but partitions, subdivisions, or panels that are not higher than forty-eight (48) inches from the floor shall not be construed as obstructing the view or the general observation of persons.

➔Section 95. KRS 244.130 is amended to read as follows:

- (1) A~~[- Except in conformity with administrative regulations of the board, no]~~ licensee **may**~~[- under KRS 243.020 to 243.670 shall]~~ advertise or cause~~[- or permit]~~ to be advertised in any manner any product **that the licensee**~~[- which he or she]~~ is licensed to manufacture or sell **unless prohibited by administrative regulations promulgated by the board.**
- (2) **The board**~~[- Subsection (1) of this section]~~ shall not prohibit **the following forms of advertising:**
 - (a) Advertising in newspapers, magazines, or periodicals having a general circulation;
 - (b) Promotional advertising on radio or television limited to no more than the name of the licensee and the products the licensee is permitted to manufacture or sell;
 - (c) Promotional advertising containing the names of establishments or products displayed on uniforms or equipment of sporting teams;
 - (d) Promotional advertising mailed or delivered to a consumer's residence; or
 - (e) A distiller from providing visitors who are twenty-one (21) years of age or older, in conjunction with a distillery tour or an event conducted by a bona fide church or charitable organization, free;

1. Consumer-branded nonalcoholic novelty items whose actual retail cost does not exceed seventy-five dollars (\$75) per item; and
2. Production by-products.

➔Section 96. KRS 244.150 is amended to read as follows:

- (1) Each licensee ~~under KRS 243.020 to 243.670~~ shall keep and maintain upon the licensed premises, or make readily available upon request of the department or the Department of Revenue, adequate books and records of all transactions involved in the manufacture or sale of alcoholic beverages, in the manner required by *administrative* regulations of the department and the Department of Revenue.
- (2) The *department* ~~commissioner~~ may require common carriers to provide information in *an approved* ~~such~~ form ~~as he or she deems wise~~ respecting all shipments of alcoholic beverages to, from, or between persons in Kentucky.

➔Section 97. KRS 244.167 is amended to read as follows:

- (1) It is unlawful:
 - (a) For any distiller, rectifier, winery, brewer, or importer to solicit, accept, or fill any order for any *alcoholic* ~~distilled spirits, wine, or malt~~ beverage from any wholesaler or distributor in the Commonwealth of Kentucky unless the supplier is the primary source of supply for the brand of alcoholic beverage sold or sought to be sold;
 - (b) For any wholesaler, distributor, or any other licensee in this Commonwealth to order, purchase, or receive any alcoholic beverage from any supplier unless the supplier is the primary source of supply for the brand ordered, purchased, or received;
 - (c) For a retailer to order, purchase, or receive any ~~distilled, vinous, or malt~~ alcoholic beverage from any source other than any of the following:
 1. A wholesaler or distributor who has purchased the brand from the primary source of supply; or
 2. A wholesaler or distributor who is the designated representative of the primary source of supply in this Commonwealth and who has purchased ~~the~~ alcoholic *beverages* ~~beverage~~ from the designated representative of the primary source of supply within or without this Commonwealth; and
 - (d) For alcoholic beverages to be transported from a wholesaler's or distributor's warehouse within twenty-four (24) hours of the time they are unloaded.
- (2) The ~~Department of~~ Alcoholic Beverage Control *Board* may suspend for a period not to exceed one (1) year the license of any wholesaler, distributor, or retailer who violates the provisions of this section.
- (3) Upon determination by the ~~Department of~~ Alcoholic Beverage Control *Board* that a primary source of supply has violated the provisions of this section, no wholesaler, distributor, or retailer may accept any shipment of alcoholic beverages from the primary source of supply for a period of one (1) year.

~~{(4) For the purposes of this section, "primary source of supply" or "supplier" means the distiller, producer, brewer, owner of the commodity at the time it becomes a marketable product, bottler, or authorized agent of the brand owner. In the case of imported products, the primary source of supply means either the foreign producer, owner, bottler, or agent of the prime importer from, or the exclusive agent in, the United States of the foreign distiller, producer, bottler, or owner.}~~

➔Section 98. KRS 244.180 is amended to read as follows:

The following property, even though found and seized in dry territory, is contraband:

- (1) Any apparatus commonly used or intended to be used in the manufacture of alcoholic beverages and not registered in the office of a collector of internal revenue for the United States. The burden of proof that the apparatus is *properly* ~~so~~ registered shall be on the defendant.
- (2) Any ~~and all~~ material, equipment, implements, devices, firearms, and other property used or intended for use directly and immediately in connection with the unlawful traffic in alcoholic beverages.
- (3) Any alcoholic beverages in the possession of anyone not entitled by law to possess them.

- (4) ~~Any alcoholic beverages to which the revenue stamps or tax crowns have not been affixed as required by KRS 243.720 to 243.850.~~
- (5) Any alcoholic beverages in a container of a size prohibited by law or prohibited to the particular party in whose possession they are found.
- (5) ~~(6)~~ Any vehicle, watercraft, or aircraft in which any person is illegally possessing or transporting alcoholic beverages. "Illegally possessing" means and includes the holding of any alcoholic ~~beverages~~ ~~liquors~~ unless lawfully acquired and intended for lawful uses.

➔Section 99. KRS 244.190 is amended to read as follows:

Any peace officers, state administrators, and *investigators* ~~field representatives~~ of the department may, upon probable cause, without warrant seize contraband regardless of whether it is in dry territory or not, and hold it subject to the order of the court before which the owner or one in possession of the contraband has been charged with violation of KRS Chapter 242 or KRS 243.020. Upon conviction of the defendant, the court shall enter an order for the destruction of all contraband property, except firearms or ammunition, included in *subsections (1), (2), (3), and (4) of Section 98 of this Act* ~~KRS 244.180(1), (2), (3), (4), and (5)~~. Contraband firearms and ammunition shall be transferred to the Department of Kentucky State Police for disposition as provided in KRS 500.090.

➔Section 100. KRS 244.195 is amended to read as follows:

- (1) Title to *seized* contraband included in *subsections (1), (2), (3), and (4) of Section 98 of this Act* ~~KRS 244.180(1), (2), (3), (4), and (5) seized~~ shall be vested in the appropriate court within whose jurisdiction the seizure occurred, irrespective of whether ~~the~~ ~~such~~ contraband was seized by peace officers of the city or county or state administrators or *investigators* ~~field representatives~~ of the department, notwithstanding the provisions of KRS 242.380.
- (2) The court shall order the sheriff for the county in which ~~the~~ ~~such~~ contraband ~~as~~ included in subsection (1) of this section was seized to destroy ~~the~~ ~~such~~ contraband, except firearms or ammunition, upon conviction of the defendant.
- (3) Contraband firearms and ammunition shall be transferred to the Department of Kentucky State Police for disposition as provided in KRS 500.090.

➔Section 101. KRS 244.200 is amended to read as follows:

- (1) Contraband property included in subsection (5) *of Section 98 of this Act* ~~(6) of KRS 244.180~~ shall be subject to the right of any owner or lienor, whose lien is valid and of record, to intervene and establish *the owner or lienor's* ~~his~~ rights in the property by proving that the property was being used in connection with traffic in alcoholic beverages without the knowledge, consent, or approval of the owner or lienor.
 - (a) If the owner of the property *proves the owner's lack of knowledge, consent, or approval* ~~does so prove~~, the court shall order the property restored to *the owner*; or
 - (b) ~~him.~~ If the lienor ~~so~~ proves *the lienor's lack of knowledge, consent, or approval*, the court shall order a sale of the property at public auction, unless an agreement is made between the lienor and the board, which shall not become final until it has been approved by the court. The board may deliver any property found to be contraband to a lienor whose claim has been established by order of a court of competent jurisdiction, upon payment to the board of the difference between the fair market value of the *seized* property ~~so seized~~ and the recorded claim of the lienor.
- (2) Where an agreement has been made between the lienor and the board and approved by the court, a public auction shall not be required. If an agreement is not entered into between the board and the lienor or approved by the court, and a public auction is required ~~to be held~~, the public auction shall be conducted by the sheriff of the county in which the property is seized. The sheriff shall receive and be allowed the same fees as allowed for sales under execution.
- (3) The expenses of keeping and selling ~~the~~ ~~such~~ property, and the amount of all valid recorded liens that are established by intervention as being bona fide, shall be paid out of the proceeds of the sales, whether they are private or public. The balance shall be paid into the State Treasury and be credited to the general fund.
- (4) If the defendant is acquitted, no property seized as contraband in connection with the arrest of the defendant shall be ordered returned or restored unless the person from whose possession the property was taken proves that *the person* ~~he~~ was in lawful possession of the property, and if no other person appears and proves that *the other person* ~~he~~ owns the property or has a valid recorded lien on the property and that the property was

being used without *that person's* ~~his~~ knowledge and consent, title shall vest in the board at the end of ninety (90) days.

- (5) If the owners or lienholders of any contraband seized by state administrators or *investigators* ~~field representatives~~ of the department or turned over to the department by other officials, cannot be located within ninety (90) days, and during that time fail to appear and claim the contraband, or if the owner or lienholder appears and agrees, title to the contraband shall immediately vest in the board, ~~in~~ which ~~event it~~ may sell the contraband at a private sale.

➔Section 102. KRS 244.230 is amended to read as follows:

- (1) ~~[KRS 244.260 and 244.340 notwithstanding,]~~ The regulations of the Bureau of Internal Revenue in the United States Department of the Treasury, ~~as they are now or may be hereafter,~~ with respect to the labeling and standards of fill of distilled spirits and wine in their original sealed packages, are adopted and any distilled spirits and wine shall be deemed to be properly labeled under all the laws of this state, if the labels and standards of fill conform to those regulations.
- (2) Distilled spirits not produced or bottled in the United States shall be labeled in the same manner that distilled spirits produced or bottled in this state are required to be labeled.
- (3) Subsections (1) and (2) shall not prevent the department from promulgating *administrative* regulations on this subject that are in addition to but not contrary to the regulations of the Bureau of Internal Revenue in the United States Department of the Treasury.

➔Section 103. KRS 244.240 is amended to read as follows:

- (1) No distiller, rectifier, winery, or wholesaler and no employee, servant, or agent of a distiller, rectifier, winery, or wholesaler shall:
- Be interested directly or indirectly in any way in any premises where distilled spirits or wine is sold at retail or in any business devoted wholly or partially to the sale of distilled spirits or wine at retail;
 - Make or cause to be made any loan to any person engaged in the manufacture or sale of distilled spirits or wine at wholesale or retail;
 - Make any gift or render any kind of service whatsoever, directly or indirectly, to any licensee ~~that under KRS 243.030 which~~ may tend to influence the licensee to purchase the product of the distiller, rectifier, winery, or wholesaler; or
 - Enter into a contract with any retail licensee under ~~which KRS Chapters 241 to 244 whereby~~ the licensee agrees to confine *the licensee's* ~~his or her~~ sales to distilled spirits or wine manufactured or sold by one (1) or more ~~such~~ distillers, rectifiers, wineries, or wholesalers. ~~This type of~~ ~~Such a~~ contract shall be void.
- (2) Nothing in this section shall prohibit the giving of discounts in the usual course of business if the same discounts are offered to all licensees holding the same license type buying similar quantities.
- (3) ***A retailer shall not require or demand that a distiller, rectifier, winery, or wholesaler violate this section.***

➔Section 104. KRS 244.260 is amended to read as follows:

- (1) No wholesaler shall purchase, import, keep upon the licensed premises, or sell any distilled spirits or wine in any container except in the original sealed package containing quantities of not less than *fifty (50)* ~~two hundred (200)~~ milliliters each of distilled spirits or one hundred (100) milliliters of wine, and not exceeding *one and seventy-five hundredths (1.75)* ~~1.75~~ liters of distilled spirits or two hundred twenty (220) liters of wine, ~~and fifty (50) milliliters of distilled spirits~~, as received from the distiller, rectifier, winery, or wholesaler, ~~as the case may be~~. The containers shall ***be in sizes authorized by federal law and*** at all times ***shall*** have affixed to them all labels required by ***federal law or*** the administrative regulations of the board, ~~together with all necessary federal revenue and state excise tax stamps~~.
- (2) ***Except as permitted by KRS 243.055, subsection (4) of Section 46 of this Act, and subsection (3) of this section, licensees holding retail distilled spirits and wine drink licenses shall not keep upon their licensed premises any distilled spirits or wine in any container except in the original package as received from the wholesaler and authorized by federal law. Containers of distilled spirits shall not exceed one and seventy-five hundredths (1.75) liters or be less than fifty (50) milliliters of distilled spirits. Containers of wine shall not exceed two hundred twenty (220) liters or be less than one hundred (100) milliliters. All containers shall***

at all times have affixed to them any labels required by federal law or administrative regulations of the board.

- (3) *Licensees holding retail distilled spirits and wine package licenses shall not keep upon their licensed premises any distilled spirits or wine in any container except in the original package as received from the wholesaler and authorized by federal law. Containers of distilled spirits shall not exceed one and seventy-five hundredths (1.75) liters or be less than fifty (50) milliliters of distilled spirits. Containers of wine shall not exceed two hundred twenty (220) liters or be less than one hundred (100) milliliters. Except as permitted by subsection (2) of this section, all containers shall at all times remain sealed and shall have affixed to them any labels required by federal law or administrative regulations of the board.*

➔Section 105. KRS 244.280 is amended to read as follows:

No licensee ~~under KRS 243.030~~ nor any of *the licensee's* ~~his~~ agents, servants, or employees shall peddle any alcoholic beverages from house to house, by any means, where the sale is *solicited* ~~consummated and delivery made concurrently~~ at the residence or place of business of the consumer.

➔Section 106. KRS 244.290 is amended to read as follows:

- (1) (a) A *licensee authorized* ~~premises that is licensed~~ to sell distilled spirits or wine at retail shall be permitted to *sell and deliver distilled spirits and wine* ~~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, urban-county government, consolidated local government, charter county government, unified local government, or the fiscal court of a county adopts an ordinance after June 25, 2013, 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.
- (c) Notwithstanding any other provision of the Kentucky Revised Statutes to the contrary, the fiscal court of a county 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 within that county; or
 2. Impose an action upon a city 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 class, or a city with a population equal to or greater than twenty thousand (20,000) based upon the most recent federal decennial census 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 *permitted by* ~~provided in~~ KRS 243.050 *and subsection (4) of this section, a licensee authorized to sell* ~~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 *sell or deliver distilled spirits and wine* ~~remain open for any purposes~~ between midnight and 6 a.m. or at any time during the twenty-four (24) hours of a Sunday.
- (4) *A licensee authorized to sell distilled spirits and wine at retail may sell and deliver distilled spirits and wine on Sunday and during the hours and times as permitted by local ordinance of* ~~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, urban-county government, consolidated local government, charter county government, unified local government, or the~~ *fiscal court of a* county *with local jurisdiction. These ordinances shall not prohibit the sale, gift, or delivery of distilled spirits or wine between 6 a.m. and midnight any day, except Sunday* ~~has otherwise established the hours and times in which distilled spirits and wine may be sold within its jurisdictional boundaries~~.
- ~~(4) In any city or county 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 from the dining facilities from the sale of alcohol.]~~
- (5) In any territory 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 local government having jurisdiction approves by local ordinance the sale of alcoholic beverages on Sunday in strict accordance with the sales permitted by KRS 243.155 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 KRS 242.1241.
- (6) In any county containing a city of the first class or in any city located *in that county*~~[therein]~~ in which the sale of distilled spirits and wine is permitted under KRS Chapter 242, the distilled spirits *administrator*~~[director]~~ may issue a license to holders of a quota retail drink license or a special private club license *that*~~[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) Any city or county 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) 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.~~
- ~~(9) Any city or county that has lawfully enacted a regulatory ordinance pursuant to this section prior to August 1, 2014, shall be deemed to meet the requirements for doing so set out in this section and may continue to enforce the ordinance pursuant to the provisions of this section.]~~

➔Section 107. KRS 244.440 is amended to read as follows:

- (1) Every resident and nonresident distiller, rectifier, or winery and nonresident wholesaler who owns, is the primary source of supply, or has an exclusive interest in any particular brands, which are intended for sale or sold in this state, shall be licensed in this state and shall register on a form to be provided by the department, the names of the wholesalers in this state to whom distributing rights have been granted for one or more or all of the brands *and product names* of distilled spirits or wine offered for sale or sold in this state.
- (2) No distiller, rectifier, or winery shall offer to sell or sell, and no wholesaler shall offer to purchase or purchase, any brands *and product names that*~~[which]~~ have not been registered as provided by this section.

➔Section 108. KRS 244.461 is amended to read as follows:

- (1) Manufacturers and importers of distilled spirits and wine may advertise and promote, by specific brand and bottle size, distilled spirits and wine for off-premises consumption by use of rebate coupons.
- (2) Rebate coupons are redeemable by the consumer at the point of purchase, or by mail-in certificate by which the consumer receives a cash refund or nonalcoholic beverage merchandise from the manufacturer, importer, or clearinghouse acting for the manufacturer or importer, upon submission by the consumer of the required proof of purchase.
- (3) Rebate coupons on malt beverages are prohibited.

- (4) **Unless prohibited by Section 89 of this Act, loyalty cards issued by retailers that reward customers with product discounts for buying goods or services shall not be prohibited by this section.**

➔Section 109. KRS 244.480 is amended to read as follows:

- (1) Except as **permitted by**~~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 **permitted by**~~provided in~~ subsection (4) of this section, **a licensee authorized to sell malt beverages at retail**~~no retailer~~ shall **not** 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 licensee authorized to sell malt beverages at retail**~~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 **licensee**~~retailer~~ is located where the legislative body of an urban-county government, consolidated local government, charter county government, unified local government, city, or ~~the fiscal court of a~~ county, in which traffic in malt beverages is permitted by KRS Chapter 242 has adopted an ordinance after June 25, 2013, 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.
- (c) Notwithstanding any other provisions of the Kentucky Revised Statutes to the contrary, the fiscal court of a county 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 within that county; or
 2. Impose an action upon a city within that county when that city has taken no formal action pursuant to this subsection.

- (4) **A licensee may sell or deliver malt beverages on Sunday and during the times and hours as permitted by a local ordinance of** the legislative body of an urban-county government, consolidated local government, charter county government, unified local government, city, or county **with local jurisdiction. The ordinance**~~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.

~~(5) Any city or county that has lawfully enacted a regulatory ordinance pursuant to this section prior to August 1, 2014, shall be deemed to meet the requirements for doing so set out in this section and may continue to enforce the ordinance pursuant to the provisions of this section.~~

➔Section 110. KRS 244.500 is amended to read as follows:

- (1) **Except as permitted by subsection (2) of this section, a licensee**~~No person holding a license to sell malt beverages~~ shall **not** offer or give anything tangible of value as a premium, **gift, or prize** for:
- (a) The return of caps, stoppers, corks, stamps, wrappers, coupons, or labels taken from any bottle, case, barrel, or package containing malt beverages; or
- (b) ~~to offer or give anything of value as a premium, gift, or prize for~~ Any purpose in connection with the sale of malt beverages.
- (2) **The following activities shall be permitted:**
- (a) ~~Subsection (1) of this section shall not apply to~~ The return of moneys specifically deposited for the return of the original containers to the owners;
- (b) ~~nor shall subsection (1) of this section prohibit brewers, wholesalers, or distributors from giving anything of value as~~ A premium, gift, or prize **by brewers, wholesalers, or distributors** to wholesalers, distributors, or their employees in connection with sales incentive programs;~~;~~
- (c)~~(3)~~ ~~Subsection (1) of this section shall not apply to~~ Brewer-sponsored national sweepstakes in which major prizes, not including rebates, price discount coupons, or brand-related novelty items, are given to consumers based on certificates found in malt beverage packages or on point of sale materials.

Malt beverage distributors, retail licensees, and their employees shall not be eligible to redeem the certificates or participate in the national sweepstakes; ~~;~~

~~(d)(4)~~ *The sale of* ~~Subsection (1) of this section shall not prohibit brewers, out of state brewers, wholesalers, distributors, or retail licensees from selling~~ malt beverages packaged in or securely bundled with brand-related novelty items if the price charged for the packaged or bundled malt beverages specifically includes the cost of the brand-related novelty item; **and**

(e) *Loyalty cards issued by retailers that reward customers with points or discounts for buying goods or services.*

➔Section 111. KRS 244.585 is amended to read as follows:

- (1) It shall be unlawful for any distributor to sell any brand **or product name** 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 **and product name** 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 **and named products**, the agreement need not apply to all brands **and named products** sold by the supplier or brewer and may apply to only one (1) brand **and product name**. No supplier or brewer shall provide by the written agreement for the distribution of a brand **or named product** 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 **current, written**~~such~~ quality control standards as **determined**~~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 **administrative** regulations promulgated **under this chapter**~~pursuant thereto~~; and
 - (d) **Communicated to** the distributor **through**~~has received~~ written notice of them from **the**~~such~~ owner.
- (3) A distributor may sell to only those licensed retailers, religious, charitable, or fraternal organizations located within **its**~~his~~ designated geographical territory as provided in this section and to **the distributor's**~~his~~ employees and to other distributors of the same brand. No brand **or product name** 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 **any**~~such~~ other action of the brewer, supplier, or distributor that is consistent with the terms of their agreement, and **this**~~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 **the**~~such~~ modification. When a distributor is prevented from selling or servicing retailers within **its**~~his~~ territory due to natural disasters, labor disputes, or other~~such~~ causes beyond **the distributor's**~~his~~ control, the distributor may allow another distributor of the same brand **or named product** of malt beverages to sell and service that brand within **its**~~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 **or product name** of malt beverage by the distributor.

➔Section 112. KRS 244.590 is amended to read as follows:

- (1) No brewer or distributor shall induce through any of the following means any retailer selling malt beverages by the package or drink to purchase any malt beverages from **that brewer or distributor**~~him or her~~ to the exclusion in whole or in part of malt beverages sold or offered for sale by other persons~~, if the brewer or distributor engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in commerce in malt beverages~~:

- (a) By acquiring or holding, after the expiration of any existing license, any interest in any license with respect to the premises of the retailer;
 - (b) By acquiring any interest in real or personal property owned, occupied, or used by the retailer in the conduct of *the retailer's* ~~{his or her}~~ business;
 - (c) By furnishing, giving, renting, lending, or selling to the retailer, any equipment, fixtures, signs, supplies, money, services, or other things of value, except as the ~~{director of the Division of}~~ malt beverages *administrator*, having regard for the public health, the quantity and value of the articles involved, the prevention of monopoly, and the practice of deception, may *permit through the promulgation of an* ~~{by}~~ administrative regulation ~~{otherwise prescribe}~~;
 - (d) By paying or crediting the retailer for any advertising, display, or distribution service subject to the exceptions *that* ~~{which}~~ the *board* ~~{director}~~ may *permit through the promulgation of an* ~~{by}~~ administrative regulation ~~{prescribe}~~;
 - (e) By guaranteeing any loan or the repayment of any financial obligation of the retailer; or
 - (f) By requiring the retailer to take and dispose of a certain quota of any malt beverages.
- (2) Notwithstanding any provisions in KRS Chapters 241 to 244 and this section, a brewer or distributor may:
- (a) Give, rent, loan, or sell to any retailer selling malt beverages by the package or drink signs, posters, placards, designs, devices, ~~{refrigerated coolers,}~~ decorations, or graphic displays bearing advertising matter and for use in windows or elsewhere in the interior of a retail malt beverage establishment; and
 - (b) Provide or furnish draught-line cleaning or coil-cleaning service to a nonquota retail malt beverage package licensee either directly or indirectly with the consent of the distributor.

(3) ***A retailer shall not require or demand that a brewer or distributor violate this section.***

➔Section 113. KRS 244.990 is amended to read as follows:

- (1) Any person who, *alone* ~~{by himself or herself}~~ or acting through another, directly or indirectly, violates any of the provisions of this chapter for which no other penalty is provided shall, for the first offense, be guilty of a Class B misdemeanor; and for the second and each subsequent violation, *the person* ~~{he or she}~~ shall be guilty of a Class A misdemeanor. The penalties provided for in this subsection shall be in addition to the revocation of the offender's license. If the offender is a corporation, joint stock company, association, ~~{or}~~ fiduciary, *limited liability company, or other business entity recognized by law*, the principal officer or officers responsible for the violation may be imprisoned.
- (2) Any person who violates KRS 244.170 shall, upon the first conviction, be guilty of a Class A misdemeanor. Upon a second conviction *the person* ~~{he or she}~~ shall be guilty of a Class D felony. Upon the third and each subsequent conviction, *the person* ~~{he or she}~~ shall be guilty of a Class C felony.
- (3) Any person who violates any of the provisions of KRS 244.480 to 244.600 shall be guilty of a violation.
- (4) Except as provided in subsection (7) of this section, any person, firm, ~~{or}~~ corporation, *limited liability company, or other business entity recognized by law* violating any provision of KRS 244.083 and 244.085 shall be guilty of a violation and each violation shall constitute a separate offense.
- (5) Except as provided in subsection (7) of this section, any person who violates the provisions of subsection (4) *of Section 92 of this Act* ~~{(5) of KRS 244.085}~~ shall, for the first offense, be guilty of a violation, and for each subsequent offense shall be guilty of a Class A misdemeanor.
- (6) Any person who violates KRS 244.125 shall be guilty of a Class A misdemeanor for the first offense and a Class D felony for each subsequent offense.
- (7) For any person under the age of eighteen (18) years, a violation of *subsections (1), (2), (3), (4), or (7) of Section 92 of this Act* ~~{KRS 244.085 (2), (3), (4), (5), or (8)}~~ shall be deemed a status offense and shall be under the jurisdiction of the juvenile session of the District Court or the family division of the Circuit Court, as appropriate.

➔Section 114. KRS 15.380 is amended to read as follows:

- (1) The following officers employed or appointed as full-time, part-time, or auxiliary officers, whether paid or unpaid, shall be certified:

- (a) Department of Kentucky State Police officers, but for the commissioner of the Department of Kentucky State Police;
 - (b) City, county, and urban-county police officers;
 - (c) Court security officers and deputy sheriffs, except those identified in KRS 70.045 and 70.263(3);
 - (d) State or public university police officers appointed pursuant to KRS 164.950;
 - (e) School security officers employed by local boards of education who are special law enforcement officers appointed under KRS 61.902;
 - (f) Airport safety and security officers appointed under KRS 183.880;
 - (g) Department of Alcoholic Beverage Control ~~field representatives and~~ investigators appointed under KRS 241.090;
 - (h) Division of Insurance Fraud Investigation investigators appointed under KRS 304.47-040; and
 - (i) County detectives appointed in a county containing a consolidated local government with the power of arrest in the county and the right to execute process statewide in accordance with KRS 69.360.
- (2) The requirements of KRS 15.380 to 15.404 for certification may apply to all state peace officers employed pursuant to KRS Chapter 18A and shall, if adopted, be incorporated by the Personnel Cabinet for job specifications.
- (3) Additional training in excess of the standards set forth in KRS 15.380 to 15.404 for all peace officers possessing arrest powers who have specialized law enforcement responsibilities shall be the responsibility of the employing agency.
- (4) The following officers may, upon request of the employing agency, be certified by the council:
- (a) Deputy coroners;
 - (b) Deputy constables;
 - (c) Deputy jailers;
 - (d) Deputy sheriffs under KRS 70.045 and 70.263(3);
 - (e) Officers appointed under KRS 61.360;
 - (f) Officers appointed under KRS 61.902, except those who are school security officers employed by local boards of education;
 - (g) Private security officers;
 - (h) Employees of a correctional services division created pursuant to KRS 67A.028 and employees of a metropolitan correctional services department created pursuant to KRS 67B.010 to 67B.080; and
 - (i) Investigators employed by the Department of Charitable Gaming in accordance with KRS 238.510; and
 - (j) Commonwealth detectives employed under KRS 69.110 and county detectives employed under KRS 69.360.
- (5) The following officers shall be exempted from the certification requirements but may upon their request be certified by the council:
- (a) Sheriffs;
 - (b) Coroners;
 - (c) Constables;
 - (d) Jailers;
 - (e) Kentucky Horse Racing Commission security officers employed under KRS 230.240; and
 - (f) Commissioner of the State Police.
- (6) Federal peace officers cannot be certified under KRS 15.380 to 15.404.

➔Section 115. KRS 15.398 is amended to read as follows:

The following Kentucky Revised Statutes and any administrative regulations promulgated thereunder affecting those peace officers required to be certified pursuant to KRS 15.380 to 15.404 shall not be superseded by the provisions of KRS 15.380 to 15.404, and in all instances the provisions of all statutes specified below shall prevail:

- (1) KRS Chapter 16, relating to Department of Kentucky State Police Officers;
- (2) KRS Chapter 70, relating to sheriffs, and deputy sheriffs;
- (3) KRS Chapter 78, relating to county police;
- (4) KRS Chapters 15 and 95, except for KRS 95.955, relating to city and urban-county police;
- (5) KRS Chapter 183, relating to airport safety and security officers;
- (6) KRS Chapter 164, relating to State Universities and Colleges; Regional Education and Archaeology officers;
- (7) KRS Chapter 18A, relating to all state peace officers;
- (8) KRS 241.090, relating to Department of Alcoholic Beverage Control ~~[field representatives and]~~ investigators;
- (9) KRS 304.47-040, relating to Division of Insurance Fraud Investigators; and
- (10) Any other statutes affecting peace officers not specifically cited herein.

➔Section 116. KRS 83A.022 is amended to read as follows:

Once a city meets the population criteria established in KRS 67.750, 82.095, 92.281, 96.060, 96.189, 97.120, 99.615, 100.137, 100.209, 100.217, 100.253, 241.160, ~~[242.125, 242.127,]~~ 242.1292, ~~[243.072,]~~ 243.230, 244.290, ~~[244.480,]~~ 244.540, and 281.014 under the most recent federal decennial census and has exercised the powers and duties pursuant to the section, the city shall not thereafter lose the ability to exercise the powers and duties provided in those sections because of an increase or decrease in population in a subsequent federal decennial census, or because of a judgment of a court pursuant to a petition to certify a city's population as different than the federal decennial census made under KRS 81.006. The city shall be permitted to continue to exercise the powers and duties under the applicable section as if it still meets the population requirements provided by the section. However, if there is a conflict between a power or privilege established under a lower population limit and a higher population limit, then the city shall follow the provisions required by the higher population limit.

➔Section 117. KRS 186.560 is amended to read as follows:

- (1) The cabinet shall forthwith revoke the license of any operator of a motor vehicle upon receiving record of his or her:
 - (a) Conviction of any of the following offenses:
 1. Murder or manslaughter resulting from the operation of a motor vehicle;
 2. Driving a vehicle which is not a motor vehicle while under the influence of alcohol or any other substance which may impair one's driving ability;
 3. Perjury or the making of a false affidavit under KRS 186.400 to 186.640 or any law requiring the registration of motor vehicles or regulating their operation on highways;
 4. Any felony in the commission of which a motor vehicle is used;
 5. Conviction or forfeiture of bail upon three (3) charges of reckless driving within the preceding twelve (12) months;
 6. Conviction of driving a motor vehicle involved in an accident and failing to stop and disclose his identity at the scene of the accident;
 7. Conviction of theft of a motor vehicle or any of its parts, including the conviction of any person under the age of eighteen (18) years;
 8. Failure to have in full force and effect the security required by Subtitle 39 of KRS Chapter 304 upon conviction of a second and each subsequent offense within any five (5) year period;
 9. Conviction for fraudulent use of a driver's license or use of a fraudulent driver's license to purchase or attempt to purchase alcoholic beverages, as defined in KRS 241.010, in violation of *subsection (4) of Section 92 of this Act* ~~[KRS 244.085(5)]~~; and

10. Conviction of operating a motor vehicle, motorcycle, or moped without an operator's license as required by KRS 186.410; or
- (b) Being found incompetent to stand trial under KRS Chapter 504.
- (2) If the person convicted of any offense named in subsection (1) of this section or who is found incompetent to stand trial is not the holder of a license, the cabinet shall deny the person so convicted a license for the same period of time as though he had possessed a license which had been revoked. If through an inadvertence the defendant should be issued a license, the cabinet shall forthwith cancel it.
- (3) The cabinet, upon receiving a record of the conviction of any person upon a charge of operating a motor vehicle while the license of that person is denied, or suspended, or revoked, or while his privilege to operate a motor vehicle is withdrawn, shall immediately extend the period of the first denial, suspension, revocation, or withdrawal for an additional like period.
- (4) The revocation or denial of a license or the withdrawal of the privilege of operating a motor vehicle for a violation of subsection (1)(a)1. of this section shall be for a period of not less than five (5) years. Revocations or denials under this section shall not be subject to any lessening of penalties authorized under any other provision of this section or any other statute.
- (5) Except as provided in subsections (3), (4), (8), and (9) of this section, in all other cases, the revocation or denial of a license or the withdrawal of the privilege of operating a motor vehicle under this section shall be for a period of six (6) months, except that if the same person has had one (1) previous conviction of any offense enumerated in subsection (1) of this section, regardless of whether the person's license was revoked because of the previous conviction, the period of the revocation, denial, or withdrawal shall be one (1) year. If the person has had more than one (1) previous conviction of the offenses considered collectively as enumerated in subsection (1) of this section, regardless of whether the person's license was revoked for any previous conviction, the period of revocation, denial, or withdrawal shall be for not less than two (2) years. If the cabinet, upon receipt of the written recommendation of the court in which any person has been convicted of violating KRS 189.520(1) or **subsection (4) of Section 92 of this Act**~~[244.085(5)]~~ as relates to instances in which a driver's license or fraudulent driver's license was the identification used or attempted to be used in the commission of the offense, who has had no previous conviction of said offense, the person's operator's license shall not be revoked, but the person's operator's license shall be restricted to any terms and conditions the secretary in his discretion may require, provided the person has enrolled in an alcohol or substance abuse education or treatment program as the cabinet shall require. If the person fails to satisfactorily complete the education or treatment program or violates the restrictions on his operator's license, the cabinet shall immediately revoke his operator's license for a period of six (6) months.
- (6) In order to secure the reinstatement of a license to operate a motor vehicle or motorcycle restored following a period of suspension or revocation pursuant to KRS 189A.070, 189A.080, and 189A.090, the person whose license is suspended or revoked shall comply with the fees and other procedures of the Transportation Cabinet with regard to the reinstatement of suspended or revoked licenses.
- (7) The cabinet shall revoke the license of any operator of a motor vehicle upon receiving notification that the person is under age eighteen (18) and has dropped out of school or is academically deficient, as defined in KRS 159.051(1).
- (8) A person under the age of eighteen (18) who is convicted of the offenses of subsections (1) or (3) of this section, except for subsection (1)(a)8. or 9. of this section, shall have his license revoked until he reaches the age of eighteen (18) or shall have his license revoked as provided in this section, whichever penalty will result in the longer period of revocation.
- (9) A revocation or denial of a license or the withdrawal of the privilege of operating a motor vehicle under this section due to a person being found incompetent to stand trial shall extend until the person is found competent to stand trial or the criminal case is dismissed.

➔Section 118. KRS 230.368 is amended to read as follows:

Any person dissatisfied with the decision of the racing commission under KRS 230.367 may appeal to the Franklin Circuit Court in accordance with the provisions of KRS **Chapter 13B**~~[243.560 to 243.590]~~.

➔Section 119. The following KRS sections are repealed:

119.215 Providing another with intoxicants on election day.

- 241.075 Location of quota retail package licenses and quota retail drink licenses in cities of the first class or consolidated local governments.
- 241.130 Salary, oath and bond of county administrator.
- 241.180 Oath and bond of city administrator and employees.
- 241.240 Bond.
- 242.127 Sale of distilled spirits or wine by the drink in wet city with population of 3,000 to 7,999 -- Local option election.
- 242.129 Statement of proposition submitted in election.
- 242.400 United States license -- Possession evidence of guilt.
- 243.031 Winery licenses.
- 243.072 Economic hardship determinations for regulatory ordinances by a city with population of 3,000 to 7,999 -- Administrative regulations -- Exemption from population requirements.
- 243.370 Local administrator to approve application first.
- 243.460 Refund of license fee.
- 243.505 Operation of pari-mutuel betting system or conduct of licensed charitable gaming not grounds for revocation or suspension of license.
- 243.510 Statement of causes of revocation to be furnished licensee.
- 244.070 Sale to person not providing for his family prohibited.
- 244.087 Minor may stock, arrange displays, and sell malt beverages.
- 244.295 Urban-county government may set liquor sale hours -- Local option on Sunday sales in urban-county -- Licensing -- Sunday sales extension.
- 244.310 Containers that drink retailer may keep upon premises.
- 244.340 Containers that package retailer may purchase, keep, or sell in.
- 244.350 Package retailer not to deliver nor advertise delivery.
- 244.360 Alcoholic beverage retailer to have name and license number on window.

➔Section 120. Section 112 of this Act shall take effect January 1, 2018.

Signed by Governor March 21, 2017.