

CHAPTER 102**(SB 99)**

AN ACT relating to alcoholic beverages.

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

➔Section 1. KRS 242.1243 is amended to read as follows:

- (1) To promote economic development and tourism in any dry or moist county or city in which a distillery is located, a local option election for the sale of alcoholic beverages may be held in a city or county precinct where the distillery is located, notwithstanding any other provision of the Kentucky Revised Statutes.
- (2) 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 at distilleries located in (name of precinct)?'".
- (3) When a majority of the votes cast in an election held under subsections (1) and (2) of this section are in favor of establishing moist territory, the premises of the distilleries located in that precinct shall become moist in the manner specified in KRS 242.200.

~~{(4) The provisions of this section shall expire three (3) years after July 15, 2016.}~~

➔Section 2. 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) For purposes of all retail drink and package sales under this section, a wholesaler registered to distribute the brands of any distiller shall permit the distiller to deliver its products directly from the distillery proper to any portion of the distillery premises. However, for purposes of all retail drink and package sales by distillers under subsections (3), (8), and (9) of this section, 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:
 - (a) To distillery visitors of legal drinking age, in quantities not to exceed an aggregate of four and one-half (4-1/2) liters per purchaser per day for sales prior to January 1, 2021, and in quantities not to exceed an aggregate of nine (9) liters per purchaser per day on and after January 1, 2021. At the purchaser's request, an order may be delivered or shipped directly to the purchaser. All deliveries or shipments shall be made through a licensed common carrier authorized to deliver or ship distilled spirits in the jurisdiction to which the products will be delivered or shipped; and
 - (b) Pursuant to subscription or distillery-sponsored club programs, in quantities not to exceed an aggregate of nine (9) liters per calendar year, provided that the enrollment and payment for the subscription or club is arranged in person at the distillery. At the member's request, an order may be delivered or shipped directly to the member. All deliveries or shipments shall be made through a licensed common carrier authorized to deliver or ship distilled spirits in the jurisdiction to which the products will be delivered or shipped.
- (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) Notwithstanding the provisions of KRS 243.110, 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 retail drink license for the sale of alcoholic beverages on the distillery premises; and
 - (b) Employ persons to engage in the sale or service of alcohol under an NQ2 license, if each employee completes the department's Server Training in Alcohol Regulations program within thirty (30) days of beginning employment.
- (9) A distiller may sell to consumers at fairs, festivals, and other similar types of events located in wet territory alcoholic beverages by the drink, containing spirits distilled or bottled on the premises of the distillery.
- (10) ***A distiller may offer for sale in its gift shop products that were produced in collaboration with a brewer or microbrewer except that:***
- (a) ***These packages shall not be exclusive to the distiller's gift shop; and***
 - (b) ***The distiller shall purchase the jointlybranded souvenir package only from a licensed malt beverage distributor.***
- (11) 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.
- (12)~~(11)~~ 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 3. KRS 243.120 is amended to read as follows:

- (1) A distiller's, rectifier's, or winery license shall authorize the licensee to engage in the business of distiller, rectifier, or winery at the premises specifically designated in the license, to maintain aging warehouses, and to transport for himself or herself only any alcoholic beverage which he or she is authorized under the license to manufacture or sell. The licensee shall transport alcoholic beverages only by a vehicle operated by himself or herself, which has affixed to its sides at all times a sign of form and size prescribed by the state board, containing among other things the name and license number of the licensee. No distilled spirits or wine shall be transported on the same truck or vehicle with malt beverages, except by a common carrier, unless the owner of the truck or vehicle holds a distributor's license.
- (2) (a) ***The manufacture of distilled spirits at the distillery shall not be less than six hundred (600) gallons in one (1) year.***
 - (b)~~(a)~~ Distillers that produce more than fifty thousand (50,000) gallons of distilled spirits per calendar year at the premises shall obtain a distiller's license, Class A.
 - (c)~~(b)~~ Distillers that produce fifty thousand (50,000) gallons or less of distilled spirits per calendar year at the premises shall obtain a distiller's license, Class B (craft distillery).
- (3) (a) Rectifiers that rectify more than fifty thousand (50,000) gallons of distilled spirits per calendar year at the premises shall obtain a rectifier's license, Class A.
- (b) Rectifiers that rectify fifty thousand (50,000) gallons or less of distilled spirits per calendar year at the premises shall obtain a rectifier's license, Class B (craft rectifier).
- (4) (a) A 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, may sell distilled spirits by the drink or by the package at retail to consumers in accordance with KRS 243.0305.

- (b) Any distilled spirits sold under this subsection shall be taxed and distributed in the same manner as sales under KRS 243.0305(2).
 - (c) Except as provided in this subsection, sales under this subsection shall be governed by all of the statutes and administrative regulations governing the retail sale of distilled spirits by the drink.
- (5) Nothing in this section shall be construed to:
- (a) Vitiating the policy of this Commonwealth supporting an orderly three (3) tier system for the production and sale of alcoholic beverages; or
 - (b) Allow delivery or shipment of alcohol into dry or moist territory.

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

An individual shall not become a licensee if the individual:

- (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 involving a controlled substance that is described in or classified pursuant to KRS Chapter 218A 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; *or*
 - (e) Has had any license 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 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 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, governmental agency, or other business entity recognized by law shall not be licensed if:
 - (a) Each principal owner, partner, member, officer, and director does not qualify under subsection (1)(a), (b), (c), (d), and (e) of this section;
 - (b) It has had any license 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 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, has had any license revoked for cause or has been convicted of a violation of any 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 5. KRS 243.040 is amended to read as follows:

The following kinds of malt beverage licenses may be issued by the 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) Out-of-state malt beverage supplier's license,
per annum\$1,550.00
- (6) Malt beverage storage license, per annum\$260.00
- (7) Replacement or duplicate license, per annum\$25.00
- (8) Limited out-of-state malt beverage supplier's license,
per annum\$260.00
- (9) Nonquota type 4 malt beverage drink license,
per annum\$210.00
- (10) 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) A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new transitional license pursuant to KRS 243.045.
- (12) Other special licenses as the state board finds to be necessary for the administration of KRS Chapters 241 to 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) 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 6. KRS 243.200 is amended 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 to an individual consumer if both the consignor and consignee in each case are authorized by the law of the states of their residence to sell, purchase, deliver, ship, or receive the alcoholic beverages.
- (2) A transporter may deliver or ship directly to consumers over twenty-one (21) years of age in packages clearly marked "Alcoholic Beverages, adult signature (21 years of age or over) required," and must request adult-signature-only service from the carrier. Deliveries or shipments of alcoholic beverages shall only be made into areas of the state in which alcoholic beverages may be lawfully sold. When the shipper requests adult-signature-only service, it shall be a violation for a common carrier not to inspect government-issued identification for proof of age or to knowingly deliver or ship alcoholic beverages into areas of the state in which alcoholic beverages are not legally sold.
- (3) Except for a common carrier that has been assigned a USDOT number issued by the Federal Motor Carrier Safety Administration, 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.
- (4) Except for an application by a common carrier that has been assigned a USDOT number issued by the Federal Motor Carrier Safety Administration, 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.
- (5) ~~Applicants for the transporter's license under this section, and their employees, shall be exempt from the residency requirements of KRS 243.100.~~

~~(6)~~—]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)~~~~(7)~~ 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 7. 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 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) ~~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) ~~between the hours of 1 p.m. and (the prevailing time for that locality)~~?"
- (2) 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 at that small farm winery.

➔SECTION 8. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO READ AS FOLLOWS:

- (1) *In order to promote economic development and tourism, a dry or moist city, county, urban-county government, charter county, consolidated local government, or unified local government may hold a local option election on the sale of alcoholic beverages by a microbrewery in the territory where the microbrewery is located or proposed.*
- (2) *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 at a microbrewery located in (name of precinct)?'".*
- (3) *The local option election 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: "Are you in favor of the sale of alcoholic beverages at a microbrewery located in (name of precinct)?". If the majority of the votes in an election held pursuant to this subsection are "Yes," the precinct shall become moist in the manner specified in KRS 242.200, and a nonquota type 4 retail malt beverage drink license and a nonquota retail malt beverage package license may be issued to a microbrewer located within the precinct.*

➔Section 9. 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 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 microbrewery in amounts not to exceed sixteen (16) ounces per patron, provided the microbrewery is located in wet territory *or a precinct that has authorized the sale of alcoholic beverages at microbreweries under Section 4 of this Act*;
- (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, pursuant to the following:
 - 1. Without restriction on the amount of malt beverages sold by the drink for on-premises consumption *provided the microbrewery is located in wet territory or a precinct that has authorized the sale of alcoholic beverages at microbreweries under Section 4 of this Act*; and
 - 2. With a restriction on the amount of malt beverages sold for off-premises consumption, in an aggregate amount not to exceed thirty-one (31) gallons per person per day that shall not include more than three (3) cases in case format; and
- (e) Sell:
 - 1. Unlimited amounts of malt beverages by the drink; and
 - 2. Not more than one (1) case of packaged 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 (c)2. of this section.
- (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; and
 - 2. The microbrewery reports and pays all taxes required by subsection (5)(a) and (b) of this section to the Department of Revenue at the time and in the manner required by the Department of Revenue in accordance with its powers under KRS 131.130(3); 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; and
 - 2. The microbrewery reports and pays all taxes required by subsection (5)(a) and (b) of this section to the Department of Revenue at the time and in the manner required by the Department of Revenue in accordance with its powers under KRS 131.130(3).
- (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 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 pay all wholesale sales taxes due under KRS 243.884. For the purposes of this subsection, "wholesale sales" means a sale of malt beverages made by a microbrewery under subsection (3)(b) and (c) of this section, as applicable.
- (b) 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 ~~for 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 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) 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 10. 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 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 243.130. The manufacture of wine at the small farm winery shall not be less than two hundred fifty (250) gallons, and shall not exceed ~~five~~~~one~~ hundred thousand ~~(100,000)~~ **(500,000)** gallons, in one (1) year;
 - (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 services, the grapes, fruits, or other agricultural products of the other small farm winery for a production year. The resulting wine shall be considered the product 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 KRS 242.124:
 - 1. Serve complimentary samples of wine produced by it in amounts not to exceed six (6) ounces per patron per day; and
 - 2. Sell by the drink for on-premises consumption or by the package wine produced by it or by another licensed small farm winery, at retail to consumers;
 - (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 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) Deliver or ship packages of wine at retail:

1. To small farm winery visitors of legal drinking age, in quantities not to exceed four (4) cases per purchaser per day. A winery shall deliver or ship the packages to the purchaser through a licensed common carrier that is authorized to deliver or ship wine in the jurisdiction to which the products will be delivered or shipped; and
 2. Pursuant to subscription or small farm winery-sponsored club programs, in quantities not to exceed an aggregate of one (1) case per month per calendar year, provided that the enrollment and payment for the subscription or club is arranged in person at the small farm winery. At the member's request, an order may be delivered or shipped directly to the member. All deliveries or shipments shall be made through a licensed common carrier authorized to deliver or ship wine in the jurisdiction to which the products will be delivered or shipped.
- (3) If the requirements of KRS 242.1241 or 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 **during the hours and times as permitted in the local ordinance**~~[between the hours of 1 p.m. until the prevailing time]~~ for that locality.
 - (4) A small farm winery license holder may also hold an NQ2 retail drink license or 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 KRS 242.124; 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) This section shall not exempt the holder of a small farm winery license from the provisions of KRS Chapters 241 to 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) Nothing contained in this section shall exempt a licensed out-of-state winery from obeying the laws of its resident state.
 - (7) Upon the approval of the department, a small farm winery license may be renewed after the licensee submits to the department the winery's federal basic permit and proof of its annual wine production.
 - (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 11. KRS 244.290 is amended to read as follows:

- (1) (a) A licensee authorized to sell distilled spirits or wine at retail shall be permitted to sell and deliver distilled spirits and wine 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 KRS 243.050 and subsection (4) of this section, a licensee authorized to sell distilled spirits or wine at retail shall not sell or deliver distilled spirits and wine 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 the legislative body of a city, urban-county government, consolidated local government, charter county government, unified local government, or the county with local jurisdiction. These ordinances shall not prohibit the sale, gift, or delivery of distilled spirits or wine between 6 a.m. and 12 midnight any day, except Sunday.
- (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 **during the hours and times as permitted in the local ordinance**~~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 in which the sale of distilled spirits and wine is permitted under KRS Chapter 242, the distilled spirits administrator may issue a license to holders of a quota retail drink license or a special private club license that permits the sale of distilled spirits and wine by the drink on Sunday from 1 p.m. until the prevailing time for that locality.

➔Section 12. KRS 243.0307 is amended 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) **A nonquota retail malt beverage package license;**
 - (d) An NQ1 license;
 - (e)~~(d)~~ An NQ2 license; ~~or~~
 - (f) **An NQ4 retail malt beverage drink license; or**
 - (g)~~(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, **and malt beverages** 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 KRS 243.0305; ~~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; **or**
 3. **Twelve (12) ounces of malt beverage samples per day; and**
 - (d) **A brewer, microbrewery, or out-of-state malt beverage supplier may conduct a sampling of malt beverages as permitted by this section at the licensed premises of a retailer licensee holding a sampling license.**
- (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; **and**
 - (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 13. KRS 244.461 is amended to read as follows:

- (1) Manufacturers and importers of ***malt beverages***, distilled spirits, and wine may advertise and promote, by specific brand and bottle size, ***malt beverages***, distilled spirits, and wine for off-premises consumption by use of rebate coupons.
- (2) ***Except as provided in subsection (3) of this section***, 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 that are redeemable by the consumer at the point of purchase are prohibited. Manufacturers and importers of malt beverages may provide rebate coupons that are redeemable 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. Redemption of permitted rebate coupons on malt beverages shall be funded solely by manufacturers and importers of malt beverages*** ~~[Rebate coupons on malt beverages are prohibited].~~
- (4) Unless prohibited by KRS 244.050, loyalty cards issued by retailers that reward customers with product discounts for buying goods or services shall not be prohibited by this section.

➔Section 14. KRS 244.500 is amended to read as follows:

- (1) Except as permitted by subsection (2) of this section, a licensee 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) Any purpose in connection with the sale of malt beverages.
- (2) The following activities shall be permitted:
 - (a) The return of moneys specifically deposited for the return of the original containers to the owners;

- (b) A premium, gift, or prize by brewers, wholesalers, or distributors to wholesalers, distributors, or their employees in connection with sales incentive programs;
- (c) 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) The sale of 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 15. 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 to the exclusion in whole or in part of malt beverages sold or offered for sale by other persons:
 - (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 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 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 administrative regulation;
 - (d) By paying or crediting the retailer for any advertising, display, or distribution service subject to the exceptions that the board may permit through the promulgation of an administrative regulation;
 - (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, 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.
- (4) ***Sampling events conducted under subsection (2)(d) of Section 12 of this Act shall not be a violation of this section.***

➔Section 16. KRS 244.600 is amended to read as follows:

No brewer shall induce through any of the following means, any retailer selling malt beverages by the package or drink to purchase any malt beverage products from 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 engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in malt beverages:

- (1) By commercial bribery;
- (2) By offering or giving any bonus, premium, or compensation to any officer, employee, or representative of the retailer; or
- (3) By making or allowing any rebates or refunds to any officer, employee, or representative of the retailer.
- (4) ***Sampling events conducted under subsection (2)(d) of Section 12 of this Act shall not be a violation of this section.***

➔Section 17. 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.
- (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 KRS 244.260.
- (3) A qualifying private club holding an NQ3 retail drink license shall exclude the general public from the licensed premises.
- (4) A qualifying bed and breakfast holding an NQ3 retail drink license shall only sell alcoholic beverages by the drink to paid overnight guests of the licensee.

➔Section 18. 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 243.040(5) or (8) 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, *an NQ3 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, 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.
 - (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 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 19. KRS 244.085 is amended to read as follows:

- (1) 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) A person under twenty-one (21) years of age shall not possess for personal use or purchase or attempt to purchase or have another purchase for the person any alcoholic beverages. No person shall aid or assist any person under twenty-one (21) years of age in purchasing or being delivered or served any alcoholic beverages.
- (3) A person under twenty-one (21) years of age shall not misrepresent the person's 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) 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) Except as provided in KRS 244.090, a licensee, or the licensee's 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 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, brewery, winery, convenience store, grocery store, drug store, entertainment destination center, licensed APC premises, **live music or other entertainment or public facility**, 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; **or**
 - (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 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) Except as provided in subsection (5) 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) Except as provided in subsection (5) 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) 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) A violation of subsection (1), (2), (3), (4), or (7) 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 20. KRS 241.010 is amended to read as follows:

As used in KRS Chapters 241 to 244, 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 food in a licensed and inspected commissary, transports the food and alcoholic beverages to the caterer's designated and inspected banquet hall or to an agreed location, and serves the food and alcoholic beverages pursuant to an agreement with another person;
- (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) "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;
- (31) "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 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 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 of dining, and which is located in a wet or moist territory under KRS 242.1244;
- (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) "Manufacture" means distill, rectify, brew, bottle, and operate a winery;
- (39) "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person engaged in the production or bottling of alcoholic beverages;
- (40) "Minor" means any person who is not twenty-one (21) years of age or older;
- (41) "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 *Chapter 242*~~[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) "Premises" means the land and building in and upon which any business regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall not include as a single unit two (2) or more separate businesses of one (1) owner on the same lot or tract of land, in the same or in different buildings if physical and permanent separation of the premises is maintained, excluding employee access by keyed entry and emergency exits equipped with crash bars, and each has a separate public entrance accessible directly from the sidewalk or parking lot. Any licensee holding an alcoholic beverage license on July 15, 1998, shall not, by reason of this subsection, be ineligible to continue to hold his or her license or obtain a renewal, of the license;
- (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) "Private club" means a nonprofit social, fraternal, military, or political organization, club, or *nonprofit or for-profit* entity maintaining or operating a club room, club rooms, or premises from which the general public is excluded;
- (46) "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) "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;
 - (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;
 - (c) A distillery which is listed as a National Historic Landmark and which conducts souvenir retail package sales under KRS 243.0305; or
 - (d) A not-for-profit or nonprofit facility listed on the National Register of Historic Places;
- (48) "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) "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;
- (50) "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) "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;
- (52) "Retail sale" means any sale where delivery is made in Kentucky to any consumers;
- (53) "Retailer" means any licensee who sells and delivers any alcoholic beverage to consumers, except for producers with limited retail sale privileges;
- (54) "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) "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) "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;
- (57) "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) "Small farm winery" means a winery whose wine production is not less than two hundred fifty (250) gallons and not greater than ~~five~~ ~~one~~ hundred thousand (500,000) ~~{(100,000)}~~ gallons in a calendar year;
- (59) "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) "State administrator" or "administrator" means the distilled spirits administrator or the malt beverages administrator, or both, as the context requires;
- (61) "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;
- (62) "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;
- (63) "Territory" means a county, city, district, or precinct;
- (64) "Urban-county administrator" means an urban-county alcoholic beverage control administrator;
- (65) "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) "Vintage distilled spirit" means a package or packages of distilled spirits that:
- (a) Are in their original manufacturer's unopened container;
 - (b) Are not owned by a distillery; and
 - (c) Are not otherwise available for purchase from a licensed wholesaler within the Commonwealth;
- (67) "Warehouse" means any place in which alcoholic beverages are housed or stored;
- (68) "Weak cider" means any fermented fruit-based beverage containing more than one percent (1%) but less than seven percent (7%) alcohol by volume;
- (69) "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 on the following question: "Are you in favor of the sale of alcoholic beverages in (name of territory)?"
- (70) "Wholesale sale" means a sale to any person for the purpose of resale;
- (71) "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;
- (72) "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
- (73) "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.

Signed by Governor April 24, 2020.