

CHAPTER 35**(SB 68)**

AN ACT relating to the manufacturing of distilled spirits.

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

➔Section 1. 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) *1. A licensee holding a distiller's license, Class A license, or Class B license shall distill no less than six hundred (600) gallons in one (1) year at the distillery's licensed premises.* ~~The manufacture of distilled spirits at the distillery shall not be less than six hundred (600) gallons in one (1) year.~~
 - 2. A licensee that engages in the distilling process for the exclusive purpose of providing training and education, conducting research, or teaching about the distilling process, aging, or bottling of distilled spirits shall be exempt from subparagraph 1. of this paragraph, so long as the licensee does not produce spirits for sale to the general public.*
- (b) 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) 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) Vitate 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.

Signed by Governor March 17, 2021.