

**243.155 Small farm winery license -- Eligibility and application process -- Business authorized by license -- Direct shipment of wine -- Self-distribution -- Custom crushing services -- Off-premises retail sales outlet in wet territory -- Other permitted licenses -- Renewal of license -- Sampling by employees.**

- (1) A 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. 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, except that a small farm winery may sell and deliver wine produced by it to a retailer as authorized by this section. The manufacture of wine at the small farm winery shall not be less than two hundred fifty (250) gallons, and shall not exceed five hundred thousand (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 off-premises consumption pursuant to KRS 243.081, 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 consumers, licensed small farm winery off-premises retail sites, wholesale license holders, and small farm winery license holders, except that wine purchased between small farm wineries shall not exceed five hundred (500) gallons per year per small farm

winery;

- (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;
- (h) Sell wine at retail to consumers in accordance with KRS 243.027 to 243.029 if it holds a direct shipper license; and
- (i) Sell and deliver, in accordance with KRS 243.120(1), up to twelve thousand (12,000) gallons of wine produced by it annually to any retail license holder as long as:
  - 1. Any products sold and delivered under this paragraph that are not otherwise registered by a licensed wholesaler shall be registered with the department by the small farm winery;
  - 2. The small farm winery is responsible for payment of wine wholesale sales taxes and reporting of self-distributed wines in accordance with KRS 243.884; and
  - 3. The small farm winery may extend credit on 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.

This paragraph shall not apply to small farm winery wholesalers licensed under KRS 243.154.

- (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 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.

**Effective:** March 17, 2023

**History:** Amended 2023 Ky. Acts ch. 15, sec. 1, effective March 17, 2023. -- Amended 2021 Ky. Acts ch. 20, sec. 4, effective March 15, 2021. -- Amended 2020 Ky. Acts ch. 80, sec. 19, effective July 15, 2020; and ch. 102, sec. 10, effective July 15, 2020. -- Amended 2018 Ky. Acts ch. 164, sec. 4, effective April 13, 2018. -- Amended 2017 Ky. Acts ch. 62, sec. 54, effective June 29, 2017. -- Amended 2016 Ky. Acts ch. 80, sec. 15, effective July 15, 2016. -- Amended 2014 Ky. Acts ch. 115, sec. 3, effective July 15, 2014. -- Amended 2013 Ky. Acts ch. 121, sec. 62, effective June 25, 2013. -- Amended 2010 Ky. Acts ch. 24, sec. 569, effective July 15, 2010. -- Amended 2006 Ky. Acts ch. 179, sec. 1, effective January 1, 2007. -- Amended 2005 Ky. Acts ch. 142, sec. 1, effective June 20, 2005. -- Amended 2000 Ky. Acts ch. 167, sec. 1, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 357, sec. 1, effective July 15, 1998. -- Amended 1996 Ky. Acts ch. 148, sec. 1, effective July 15, 1996. -- Amended 1994 Ky. Acts ch. 451, sec. 1, effective July 15, 1994. -- Amended 1990 Ky. Acts ch. 54, sec. 5, effective July 13, 1990. -- Amended 1988 Ky. Acts ch. 433, sec. 2, effective July 15, 1988. -- Amended 1982 Ky. Acts ch. 244, sec. 2, effective July 15, 1982. -- Created 1976 Ky. Acts ch. 381, sec. 2.