

AN ACT relating to treatment for alcohol and other drug abuse.

***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,~~[or]~~ 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)**~~[(6)]~~ "Bottle" means any container which is used for holding alcoholic beverages for the use and sale of alcoholic beverages at retail;
- (8)**~~[(7)]~~ "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)**~~[(8)]~~ "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)~~~~(9)~~ "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)~~~~(10)~~ "Caterer" means a ~~corporation, partnership, or individual that operates the~~ business of a food service professional that prepares~~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 a location selected by the customer, and serves~~serving~~ the food and alcoholic beverages to the customer's guests;

~~(12)~~~~(11)~~ "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)~~~~(12)~~ "Cider" means any fermented fruit-based beverage containing seven percent (7%) or more alcohol by volume and includes hard cider and perry cider;

~~(14)~~~~(13)~~ "City administrator" means city alcoholic beverage control administrator;

~~(15)~~~~(14)~~ "Commercial airport" means an airport through which more than five hundred thousand (500,000) passengers arrive or depart annually;

~~(16)~~~~(15)~~ "Commissioner" means the commissioner of the Department of Alcoholic Beverage Control;

~~(17)~~~~(16)~~ "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;

~~(18)~~~~(17)~~ "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;

~~(19)~~~~(18)~~ "County administrator" means county alcoholic beverage control administrator;

~~(20)~~~~(19)~~ "Department" means the Department of Alcoholic Beverage Control;

~~(21)~~~~(20)~~ "Dining car" means a railroad passenger car that serves meals to consumers on any railroad or Pullman car company;

~~(22)~~ **"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;**

~~(23)~~~~(21)~~ "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;

~~(24)~~~~(22)~~ "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;

~~(25)~~~~(23)~~ "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;

~~(26)~~~~(24)~~ "Distributor" means any person who distributes malt beverages for the purpose of being sold at retail;

~~(27)~~~~(25)~~ "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;

~~(28)~~~~(26)~~ "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;

~~(29)~~~~(27)~~ "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;

~~(30)~~~~(28)~~ "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;

~~(31)~~~~(29)~~ "Hotel" means a hotel, motel, or inn for accommodation of the traveling public, designed primarily to serve transient patrons;

~~(32)~~~~(30)~~ "License" means any license issued pursuant to KRS Chapters 241 to 244;

~~(33)~~~~(31)~~ "Licensee" means any person to whom a license has been issued, pursuant to

KRS Chapters 241 to 244;

~~(34)~~~~(32)~~ "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 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 subsection (1) of Section 15 of this Act~~[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 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 subsection (2) of Section 15 of this Act;

~~(35)~~~~(33)~~ "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;

~~(36)~~~~(34)~~ "Manufacture" means distill, rectify, brew, bottle, and operate a winery;

~~(37)~~~~(35)~~ "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person engaged in the production or bottling of alcoholic beverages;

**(38) "Marina" means a business that has a dock located on, in, or immediately adjacent to the shoreline of a navigable river or lake and which:**

**(a) Sells or leases boat slips, boat docking services, and other goods and services related to the docking or maintenance of boats and recreational power watercrafts;**

**(b) Provides docking space for at least seventy-five (75) privately owned boats;**

**(c) Maintains fuel pumps or financial interests in fuel pumps used to dispense marine fuel on the premises to be licensed; and**

**(d) Operates a restaurant or snack bar that has a grill or stove and provides grocery and convenience items on the premises to be licensed;**

**(39)**~~(36)~~ "Minor" means any person who is not twenty-one (21) years of age or older;

**(40)**~~(37)~~ "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, 242.1244, **Sections 10 and 11 of this Act;** or 242.1292;

**(41)**~~(38)~~ "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;

**(42)**~~(39)~~ "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;

~~(43)~~~~(40)~~ "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;

~~(44)~~~~(41)~~ "Qualified historic site" means 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 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:

- (a) A distillery which is listed as a National Historic Landmark and which conducts souvenir retail package sales under KRS 243.0305; and
- (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;

~~(45)~~~~(42)~~ "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;

~~(46)~~~~(43)~~ "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;

~~(47)~~~~(44)~~ "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 beverage receipts from the sale of food;

~~(48)~~~~(45)~~ "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)~~~~(46)~~ "Retail outlet" means retailer, hotel, motel, restaurant, railroad dining car, club, and any facility where alcoholic beverages are sold directly to the consumers;

~~(50)~~~~(47)~~ "Retail sale" means any sale where delivery is made in Kentucky to any consumers;

~~(51)~~~~(48)~~ "Retailer" means any person who sells at retail any alcoholic beverage for the sale of which a license is required;

~~(52)~~~~(49)~~ "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;

~~(53)~~~~(50)~~ "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;

~~(54)~~~~(51)~~ "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;

~~(55)~~~~(52)~~ "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;

~~(56)~~~~(53)~~ "Small farm winery" means a winery ***that produces wine***~~[producing wines]~~, in ***a minimum***~~[an]~~ amount ***of two hundred fifty (250) gallons during a calendar year,***

and not in excess of~~[to exceed]~~ fifty thousand (50,000) gallons in a calendar year;

(57)~~[(54)]~~ "Souvenir package" means a special package of distilled spirits~~[Kentucky straight bourbon whiskey]~~ available for retail sale at a licensed Kentucky distillery where the distilled spirits were~~[whiskey was]~~ produced or bottled, and the package~~[that]~~ is available from a licensed retailer;

(58)~~[(55)]~~ "State administrator~~[director]~~" or "administrator" means the administrator~~[director]~~ of the Division of Distilled Spirits or the administrator~~[director]~~ of the Division of Malt Beverages, or both, as the context requires;

(59)~~[(56)]~~ "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];~~

(60)~~[(57)]~~ "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;

(61)~~[(58)]~~ "Territory" means a county, city, district, or precinct;

(62)~~[(59)]~~ "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;

(63)~~[(60)]~~ "Warehouse" means any place in which alcoholic beverages are housed or stored;

(64)~~[(61)]~~ "Weak cider" means any fermented fruit-based beverage containing more than one percent (1%) but less than seven percent (7%) alcohol by volume;

~~(65)~~~~(62)~~ "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, 242.125, or 242.1292 on the following question: "Are you in favor of the sale of alcoholic beverages in (name of territory)?";

~~(66)~~~~(63)~~ "Wholesale sale" means a sale to any person for the purpose of resale;

~~(67)~~~~(64)~~ "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;

~~(68)~~~~(65)~~ "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

~~(69)~~~~(66)~~ "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 241.020 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.
- (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. **The Distilled Spirits Administrator shall serve as the director of the Division of Distilled Spirits. The secretary of the Public Protection Cabinet with the approval of the Governor,**

shall appoint as Distilled Spirits Administrator a person with administrative experience in the field of alcoholic beverage control. The Distilled Spirits Administrator shall be appointed for a term of four (4) years.

- (3) A Division of Malt Beverages, under the supervision of the board, shall administer the laws in relation to traffic in malt beverages. The Malt Beverages Administrator shall serve as the director of the Division of Malt Beverages. The secretary of the Public Protection Cabinet with the approval of the Governor, shall appoint as Malt Beverages Administrator a person with administrative experience in the field of alcoholic beverage control. The Malt Beverages Administrator shall be appointed for a term of four (4) years.

➔Section 3. KRS 241.030 is amended to read as follows:

The Alcoholic Beverage Control Board shall consist of the commissioner of alcoholic beverage control, ~~the~~ 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 such persons shall serve as director of the Division of Distilled Spirits Administrator, and the other shall serve as director of the Division of Malt Beverages Administrator. The commissioner shall be chairman of the board.

➔Section 4. 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, 243.470, and 243.520 and render final orders upon the subjects of the hearings and appeals;
- (5) To 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 Chapters 241 to 244~~[243.020 to 243.670]~~;
- (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~~[, 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 5. 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 Chapters 241 to 244~~[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 Chapters 241 to 244~~[243.020 to 243.670]~~ authorizing traffic in malt beverages. *Both the Distilled Spirits Administrator and the Malt Beverages Administrator shall have the discretion to approve and issue or deny state licenses provided for in KRS Chapters 241 to 244 that authorize traffic in distilled spirits, wine, and malt beverages.*

→Section 6. KRS 241.090 is amended to read as follows:

State administrators~~[directors]~~ and all 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 7. KRS 241.140 is amended to read as follows:

The functions of each county administrator shall be the same, with respect to local licenses~~[and regulations]~~, as the functions of the *state administrators with respect to the approval, issuance, or denial of state licenses, and to the functions of the* board with respect to *revocation or suspension of* 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 241.170, 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 8. KRS 241.190 is amended to read as follows:

The functions of each city administrator shall be the same with respect to city licenses~~[and regulations]~~ as the functions of the *state administrators with respect to the approval, issuance, or denial of state licenses, and to the functions of the* board with respect to *revocation or suspension of* 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 9. KRS 241.250 is amended to read as follows:

The functions of each urban-county administrator shall be the same with respect to urban-county licenses[and regulations] as the functions of the **state administrators with respect to the approval, issuance, or denial of state licenses, and to the functions of the** board with respect to **revocation or suspension of** 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 10. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO READ AS FOLLOWS:

**(1) (a) 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 limited sales of souvenir packages of distilled spirits may be held in a city or county precinct where the distillery 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 Section 10 of this Act on the following question: 'Are you in favor of the sale of souvenir packages of distilled spirits at the distillery located in (name of precinct)?'".**

**(2) A local option election for the limited sale of alcoholic beverages by the package held under subsection (1) of this section shall be conducted in the same manner as specified in KRS 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 souvenir packages of distilled spirits at the distillery 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 precinct shall become moist in the manner specified in KRS 242.200.

➔SECTION 11. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO READ AS FOLLOWS:

(1) (a) To promote economic development and tourism in any dry or moist county or city in which a marina is located, a local option election for the limited sale of alcoholic beverages by the drink may be held in a city or county precinct where the marina 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 Section 11 of this Act on the following question: 'Are you in favor of the sale of alcoholic beverages by the drink at the marina 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 242.030(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 marina located in (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 precinct shall become moist in the manner specified in KRS 242.200.

➔Section 12. KRS 242.123 is amended to read as follows:

(1) (a) To promote economic development and tourism in any dry or moist[a] county[ ~~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 held under subsection (1) of this section shall be 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 13. 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, notwithstanding any other provision of the Kentucky Revised Statutes*~~[A 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 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 held under subsection (2) of this section shall be 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**~~[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 wine at ~~a~~~~[(name of the licensed or proposed]~~ small farm winery or wineries **located in (name of precinct)?**'".~~

➔Section 14. 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 held under this subsection shall be conducted in the same manner as specified in KRS 242.020**~~[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 15. 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 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 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 242.030(1), (2), and (5), 242.040, and 242.060 to 242.120, and the proposition 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 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 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 gross receipts from the sale of food?'"
- (c) The election shall be held in accordance with KRS 242.030(1), (2), and (5), 242.040, and 242.060 to 242.120, and the proposition 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 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. 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 16. 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 (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 issued~~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 issued~~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 issued~~granted~~ to a hotel, motel, or inn meeting the~~—aforestated~~ requirements of this subsection 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 issued~~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 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 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 his or her post office address and the correct date upon which 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 17. 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 NO2 license; or**

**(d) A distiller's license that is located in wet territory or in any moist precinct that has authorized the sale of alcoholic beverages at distilleries under Section 10 of this Act.**

- (2) A sampling license issued to holders of a quota retail drink license, a quota retail package license, or an NQ2 license shall authorize the licensee to 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;
- (b) 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 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 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 a sampling license and 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 beverage per day;

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

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

(e) A licensee, supplier, or individual shall not request, require, or allow a malt beverage distributor to provide product 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) A sampling license issued to a holder of a distiller's license shall authorize the sampling privileges established in Section 19 of this Act.

(8) Free samples and sold samples provided under this section shall not constitute drink sales.

➔Section 18. KRS 243.030 is amended to read as follows:

The following licenses which only authorize traffic in distilled spirits and wine may be issued by the Distilled Spirits Administrator. Licenses which authorize traffic in distilled spirits, wine, and malt 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, per annum .....	\$2,580.00
(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
(13) Special Sunday retail drink license, per annum .....	\$520.00
(14) Caterer's license, per annum .....	\$830.00
(15) Special temporary <u>alcoholic beverage</u> <del>[distilled spirits and wine]</del> auction license, per event .....	\$110.00
(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 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) A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new transitional license pursuant to KRS 243.045.
- (34) 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) 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 19. KRS 243.0305 is amended to read as follows:

- (1) Any licensed Kentucky distiller that is located in wet territory *or in any moist*

- precinct that has authorized the sale of alcoholic beverages at distilleries under Section 10 of this Act*, 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~~the portion of the *nonfederally bonded* distillery premises ~~operated by the licensee for the sale of souvenir packages~~. 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 three (3) liters per visitor per day, with the exception of a purchase by a partnership, limited liability partnership, corporation, limited liability company, or other business entity holding an event on the premises of the distillery, in which case the limitation shall be one (1) liter per visitor attending the event. These sales shall be permitted only ~~through the gift shop or other retail outlet~~ on the *nonfederally bonded distillery* ~~distiller's~~ premises.
- (4) Hours of sale for souvenir packages at retail shall be *in conformity with Section 78 of this Act* ~~9 a.m. until 9 p.m. prevailing time Monday through Saturday. The licensed premises may remain open if it has a separate department pursuant to KRS 244.290(1)~~.
- (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) A distillery holding a sampling license may allow visitors to sample distilled spirits under the following conditions:**

**(a) Sampling shall be permitted only on licensed premises during regular business hours;**

**(b) A distillery shall not charge for the samples provided to visitors; and**

**(c) A distillery shall not provide more than three (3) ounces of samples per visitor per day.**

➔Section 20. 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 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 244.310;

(b) Transport, sell, serve, and deliver malt 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 malt 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 malt beverages; or
  2. 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 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



- (e) Receive payment for alcoholic beverages served at a catered event on a by-the-drink or by-the-event basis. The caterer may bill the 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**~~[distilled spirits and wine]~~ auction license has been issued under KRS 243.036.
- (5) **A caterer licensee may cater alcoholic beverages at a private party or special event at a nonfederally bonded portion of the licensed premises of a distillery.**
- (6)** 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.
- (7) A caterer licensee shall not cater alcoholic beverages at an event hosted by the caterer licensee or hosted as a joint venture that includes the caterer licensee.**
- (8)**~~[(6)]~~ 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.
- (9)**~~[(7)]~~ The caterer licensee shall post a copy of his or her caterer's license at the location of the function for which alcoholic beverages are catered.
- (10)**~~[(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.

~~(11)~~~~(9)~~ All restrictions and prohibitions applying to a distilled spirits and wine quota retail drink licensee not inconsistent with this section shall apply to the caterer licensee.

~~(12)~~~~(10)~~ The caterer licensee shall maintain records as set forth in KRS 244.150 and in administrative regulations promulgated by the board.

➔Section 21. 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 ***subsection (34) of Section 1 of this Act***~~KRS 241.010(32)~~ 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 distilled spirits, wine, and malt beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase distilled spirits, wine, and malt beverages only from licensed wholesalers or distributors. The license shall not authorize the licensee to sell 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 (34)(a) of Section 1 of this Act***~~KRS 241.010(32)(b)~~ shall:
  1. Only sell distilled spirits, wine, and malt beverages incidental to the sale

of a meal; and

2. Not have an open bar and shall not sell 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 22. KRS 243.035 is amended to read as follows:

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**, 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 license shall authorize the licensee to bottle distilled spirits on the premises designated in the license. The holder of a bottling house license may also hold a distilled spirits and wine storage license.

➔Section 23. KRS 243.036 is amended to read as follows:

- (1) A special temporary **alcoholic beverage**~~[distilled spirits and wine]~~ auction license may be issued to a charitable organization~~[, upon the payment of the fee set forth in KRS 243.030 and upon satisfaction of the requirements prescribed by administrative regulation promulgated by the department].~~
- (2) A special temporary **alcoholic beverage**~~[distilled spirits and wine]~~ auction license shall authorize the charitable organization to:
  - (a) Purchase, transport, receive, possess, store, sell, and deliver **alcoholic beverages**~~[distilled spirits and wine]~~ to be sold at auction **or by raffle**~~[in the manner prescribed by administrative regulation promulgated by the department];~~

- (b) Obtain alcoholic beverages~~[distilled spirits and wine]~~ 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 auctions or raffles~~[in the manner prescribed by administrative regulation promulgated by the department]~~; and
- (c) Receive payment for alcoholic beverages~~[distilled spirits and wine]~~ sold at auctions or by raffles~~[in the manner prescribed by administrative regulation promulgated by the department]~~.
- (3) Each alcoholic beverage~~[distilled spirits and wine]~~ 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~~[distilled spirits and wine]~~ are auctioned or raffled under this section shall not constitute a public place for the purpose of KRS Chapter 222. Alcoholic beverage~~[Distilled spirits and wine]~~ auctions or raffles may be conducted on licensed or unlicensed premises. The charitable organization possessing a special temporary alcoholic beverage~~[distilled spirits and wine]~~ auction license shall post a copy of the license at the location of the auction. During this period not more than one (1) auction shall be held.
- (5) A special temporary alcoholic beverage~~[distilled spirits and wine]~~ 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 organization possessing a special temporary alcoholic beverage~~[distilled spirits and~~

~~wine~~] auction license under this section.

- (7) All restrictions and prohibitions applying to *an alcoholic beverage*~~[a distilled spirits and wine]~~ retail package and *alcoholic beverage*~~[distilled spirits and wine]~~ by the drink license, not inconsistent with this section, shall apply to a special temporary *alcoholic beverage*~~[distilled spirits and wine]~~ auction license.

➔Section 24. 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) A supplemental bar license shall not be issued unless:
- (a) The licensee applies to the state distilled spirits *administrator*~~[director]~~ and meets all requirements for obtaining a supplemental bar license; and
- (b) The licensee pays a fee 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 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 25. 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
- (7) Malt beverage storage license, per annum .....\$260.00
- (8) Replacement or duplicate license, per annum .....\$25.00
- (9) Limited out-of-state malt beverage supplier's license,  
per annum .....\$260.00
- (10) Nonquota type 4 malt beverage drink license,  
per annum .....\$210.00
- (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).
- (12) A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new transitional license pursuant to KRS 243.045.
- (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 (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 26. 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 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 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 244.310.
- (3) Nothing in this section exempts the holder of a qualified historic site license from the provisions of KRS Chapters 241 ~~to~~, ~~242~~, ~~243~~, and 244, or from any rules of the board as established by administrative regulations, except as expressly stated in this section.
- (4) Notwithstanding any other law, the holder of a qualified historic site license may obtain a supplemental bar license for a riverboat to authorize the licensee to sell and serve distilled spirits, wine, and malt beverages by the drink for consumption**

on the riverboat and licensed premises if the riverboat:

(a) Has its regular place of mooring at the licensed premises;

(b) Moors or makes landfall at any time in a dry territory, all distilled spirits, wine, and malt beverages shall be kept locked; and

(c) Does not take on or discharge passengers when mooring or making landfall in dry territory.

(5) Notwithstanding any other law, the holder of a qualified historic site license may obtain a supplemental bar license for a railroad train to authorize the licensee to sell and serve distilled spirits, wine, and malt beverages by the drink for consumption on the train and licensed premises if the train:

(a) Has its regular depot at the licensed premises;

(b) Stops at any time in dry territory, all distilled spirits, wine, and malt beverages shall be kept locked; and

(c) Does not take on or discharge passengers when stopping.

➔Section 27. KRS 243.045 is amended to read as follows:

(1) A transitional license may be issued by the state administrators~~[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 administrators~~[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 rights and privileges of the permanent license or licenses for which the holder applied under subsection (1)(a) of this section.**

➔Section 28. KRS 243.050 is amended to read as follows:

- (1) Where it is determined by the department to be in the best interest of promoting tourism, conventions, and the economic development of all or part 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 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 the holders of NQ1 retail drink licenses and qualified historic site licenses~~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.

➔Section 29. KRS 243.060 is amended to read as follows:

- (1) The fiscal court of each county or a consolidated local government in which traffic in alcoholic beverages is not prohibited under KRS Chapter 242 may 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 ~~(5)~~~~(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) 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) 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 30. KRS 243.070 is amended to read as follows:

(1) The legislative body of any city or a consolidated local government in which traffic in alcoholic beverages is not prohibited under KRS Chapter 242 may impose license fees for the privilege of manufacturing and trafficking in alcoholic beverages. Only those licenses set out in this section shall be issued. The license fees are subject to the provisions of subsections ~~[(16),]~~ (17), ~~[and]~~ (18), **and (19)** of this section, and shall not exceed the amounts specified in subsections (2) to ~~(16)~~~~[(15)]~~ of this section.

(2) Distilled spirit licenses as set forth in KRS 243.030:

- (a) Distiller's license, per annum .....\$500.00
- (b) Rectifier's license, per annum .....\$3,000.00
- (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

(3) Quota retail drink license, per annum:

- (a) In counties containing a consolidated local government .....\$1,600.00

- (b) In all other counties.....\$1,000.00
- (4) Special temporary license, per event:
  - (a) In counties containing a consolidated local government .....\$266.66
  - (b) In all other counties.....\$166.66
- (5) Nonquota type 1 retail drink license (includes distilled spirits, wine, and malt beverages), per annum .....\$2,000.00
- (6) Nonquota type 2 retail drink license (includes distilled spirits, wine, and malt beverages), per annum:
  - (a) In counties containing a consolidated local government .....\$1,800.00
  - (b) In all other counties .....\$1,000.00
- (7) Nonquota type 3 retail drink license (includes distilled spirits, wine, and malt beverages), per annum .....\$300.00
- (8) ~~Distilled spirits and wine~~ Special temporary **alcoholic beverage** auction license, per event .....\$200.00
- (9) Special Sunday retail drink license, per annum .....\$300.00
- (10) Extended hours supplemental license, per annum .....\$2,000.00
- (11) Caterer's license, per annum .....\$800.00
- (12) Bottling house or bottling house storage license, per annum .....\$1,000.00
- (13) Malt beverage licenses as follows:
  - (a) Brewer's license, per annum .....\$500.00
  - (b) Microbrewery license, per annum .....\$500.00
  - (c) Malt beverage distributor's license, per annum .....\$400.00
  - (d) Nonquota retail malt beverage package license, per annum .....\$200.00
  - (e) Nonquota type 4 retail malt beverage drink license, per annum.....\$200.00
  - (f) Malt beverage brew-on-premises license, per annum .....\$100.00
- (14) Limited restaurant license (includes distilled spirits, wine, and malt beverages), per annum:

- (a) In counties containing a consolidated local government .....\$1,800.00
  - (b) In all other counties.....\$1,200.00
- (15) Limited golf course license (includes distilled spirits, wine, and malt beverages), per annum:
- (a) In counties containing a consolidated local government .....\$1,800.00
  - (b) In all other counties .....\$1,200.00
- (16) **Qualified historic site license, per annum .....\$1,030.00**
- (17)** 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 subsections (2) to **(16)**~~[(15)]~~ 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.

**(18)**~~[(17)]~~ 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.

**(19)**~~[(18)]~~ 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 31. KRS 243.075 is amended to read as follows:

- (1) (a) Notwithstanding the provisions of KRS 243.060 and 243.070, in any qualified city 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 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 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 therein and licensed to sell 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 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 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 32. 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 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 purchase distilled spirits, wine, or malt beverages only from licensed wholesalers or distributors. The holder of an NQ1 retail drink license under this section shall 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 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 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 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 33. KRS 243.084 is amended to read as follows:

- (1) A "Nonquota type 2" or "NQ2" retail drink license may be issued to:
- (a) A hotel that:
    - 1. Contains at least fifty (50) sleeping units;

2. Contains dining facilities for at least fifty (50) persons; and
  3. Receives from its total food and 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; **or**
  - (e) A marina.**
- (2) A qualifying hotel, restaurant, airport,~~[-or]~~ riverboat, **or marina** holding an NQ2 retail drink license may purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase distilled spirits, wine, or malt beverages only from licensed wholesalers or distributors. 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 comply with the requirements of KRS 243.250.
- (3) (a) A riverboat holding an NQ2 license 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 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.
- (d) If a riverboat moors or makes landfall in a location other than its regular or alternate regular place of mooring, all distilled spirits, wine, and malt beverages shall be kept locked.

- (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.

**(5) An NQ2 retail drink license may be issued to any qualifying applicant operating within a marina as defined in Section 1 of this Act if the marina 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 Section 11 of this Act.**

➔Section 34. KRS 243.086 is amended to read as follows:

- (1) A "Nonquota type 3" or "NQ3" retail drink license may be issued to:
- (a) A private club in existence for longer than one (1) year prior to the license application;~~or~~
  - (b) A dining car; **or**
  - (c) **A bed and breakfast.**
- (2) 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) 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) For the purposes of subsection (3) of this section, each railroad dining car shall be deemed separate premises to be separately licensed.**

**(5) 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.**

➔Section 35. 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)~~~~(4)~~ of this section, shall be valid for a period of no more than a year. The 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) **Except for licenses issued by a consolidated local government, all licenses issued after January 1, 2016, by a county or city administrator 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 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 the effective date of this Act, 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 city or county administrator shall either:**

**(a) 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

(b) 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.

(3) When any person applies for a new license authorized under KRS Chapters 241 to 244, 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)~~~~(3)~~ The renewal by the department of ~~the certificate or permit 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)~~~~(4)~~ 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 36. KRS 243.100 is amended to read as follows:

A natural person shall not become a licensee under KRS Chapters 241 to 244~~[243.020 to 243.670]~~ if 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 **KRS Chapters 241 to 244**~~[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 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, **other business entity recognized by law**, or governmental agency shall not be licensed if:
- (a) Each member of the partnership or each of the directors, principal officers, or managers does not qualify under subsection (1)(a), (b), (c), and (d) of this section;
  - (b) It has had any license issued under **KRS Chapters 241 to 244**~~[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) It is a partnership, *limited partnership, limited liability company,*~~[-or]~~ corporation, *or other business entity created by law,* if any member of the partnership or *limited partnership,* any director, manager, or principal officer of the corporation *or other business entity, or member, or managing member of the limited liability company, or a prior business in which they were directly or indirectly interested,* has had any license issued under *KRS Chapters 241 to 244*~~[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 or entity shall not evade license disqualification under this section by applying for a license through or under the name of a different person, business, or entity. The state administrators shall examine the ownership, membership, and management of applicants, and shall deny the application for a license if a disqualified person or entity has a direct or indirect interest in the applicant's business or entity. The department may issue administrative subpoenas and summonses to determine ownership of an applicant or licensee.*

➔Section 37. KRS 243.110 is amended to read as follows:

- (1) Except as provided in subsection (2) 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) The holder of a quota retail package license may also hold a quota retail drink license, an NQ2 retail drink license, or a special nonbeverage alcohol license. The holder of a transporter's license may also hold a distilled spirits and wine storage license. The holder of a distiller's license may also hold a rectifier's license, a special nonbeverage alcohol license, or a winery license. 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]~~. A Sunday retail drink license and supplemental license may be held by the holder of a primary license.
- (3) Any person or entity may hold two (2) or more licenses of the same kind.
- (4) 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 38. 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 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 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 receipt to accept

delivery of any distilled spirits unless the owner is a person who is permitted by law to receive the same.

➔Section 39. 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) Manufacture wines **in a minimum amount of two hundred fifty (250) gallons per year**~~and bottle wines produced by that small farm winery~~;
  - (b) Bottle wines produced by **that small farm winery and other licensed**~~another~~ small farm **wineries**~~winery~~;
  - (c) **Enter into an agreement with another licensed small farm winery under which it crushes, processes, ferments, bottles, or any combination of 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 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) Serve on the premises or at small farm winery off-premise retail sites

complimentary samples of wine produced by it in amounts not to exceed six (6) ounces per patron per day, if the small farm winery or its off-premise retail site is located in wet territory **or in a precinct that has authorized alcoholic beverage sales by the small farm winery under Section 13 of this Act;**

~~(e)~~~~(d)~~ Sell by the drink or by the package on premises ~~or~~ at small farm winery off-premise retail sites~~, and at fairs, festivals, and other similar types of events,~~ wine produced on the premises of the small farm winery or produced by a licensed small farm winery, at retail to consumers if **the small farm winery or its off-premise retail site is located in wet territory or in a precinct that has authorized alcoholic beverage sales by the small farm winery under Section 13 of this Act**~~[all sales sites are located in wet territory];~~

**(f) Sell by the drink or by the package, at fairs, festivals, and other similar types of events, wine produced on the premises of the small farm winery or produced by a licensed small farm winery, at retail to consumers if all sales occur in a wet territory;**

~~(g)~~~~(e)~~ Sell and transport wine produced on the premises of the small farm winery to wholesale license holders and small farm winery license holders;

**(h) Sell and transport unmarketable wine, pomace, or must produced on the premises of the small farm winery to licensed distillers;**

~~(i)~~~~(f)~~ Consume on the premises wine produced by the small farm winery or a licensed small farm winery and purchased by the drink or by the package at the licensed premises, if the small farm winery is located in wet territory **or in a precinct that has authorized alcoholic beverage sales by the small farm winery under Section 13 of this Act;** and

~~(j)~~~~(g)~~ Ship to a customer wine produced by a small farm winery if:

1. The wine is shipped by licensed common carrier; and

2. The amount of wine shipped is limited to two (2) cases per customer per order.
- (3) ~~If a licensed small farm winery is located in a dry or moist territory, KRS 242.230 to 242.430 shall apply, unless a limited local option election is held in accordance with KRS 242.124. If the proposition under KRS 242.124 is approved, a licensed small farm winery within the precinct may sell wine in accordance with subsection (2) of this section.~~
- (4) If the requirements of ***subsection (4) of Section 78 of this Act*** ~~[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 13 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, 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 40. 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 such microbrewery shall not exceed twenty-five thousand (25,000) barrels in one (1) year;
  - (b) Serve on the premises complimentary samples of malt beverages produced by 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; and
  - (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.
- (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:

- (a) Produced by the microbrewery at its licensed premises; and
- (b) Offered for sale by the microbrewery at that same premises under the microbrewery's retail drink or package license.

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, 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, 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 41. 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 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 his or her licensed 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 his or her products to the holder of a

special nonbeverage alcohol license.

➔Section 42. KRS 243.200 is amended to read as follows:

- (1) (a) A transporter's license may be issued as a primary license to a person engaged in business as a common carrier. A transporter's licensee 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.
- (b) A transporter's license shall be issued only to persons authorized by proper certificate from the Department of Vehicle Regulation to engage in the business of a common carrier. Holders of a transporter's license issued under this section may transport alcoholic beverages in Kentucky only in conformity with the provisions of their common carrier certificate issued by the Transportation Cabinet. Such licensees are specifically prohibited from transporting alcoholic beverages anywhere within the state, except upon the route authorized by their respective common carrier certificates.
- (2) (a) No person, firm, or corporation operating motor vehicles for hire over the highways of this state, under authority of a Certificate of Convenience and Necessity issued by the Transportation Cabinet, covering the same territory or highways designated in the certificate as irregular common carrier issued by the Interstate Commerce Commission shall be authorized or permitted to transport any alcoholic beverages in this state until the carrier has procured an appropriate transporter's license from the department, and filed with the department a statement of the proposed route of the territory over which the carrier proposes to transport alcoholic beverages.
- (b) The statement of route shall be accompanied by an exhibit consisting of a Kentucky road map with the proposed route clearly indicated by suitable

marking.

- (c) The proposed route shall be restricted to designated federal highways, except as to access side roads to distilleries and terminals. The side roads shall be the nearest and most traveled route from the distillery to the designated federal highway, and shall be no more than seven (7) miles from the federal highway.
  - (d) When the carrier has obtained a transporter's license for distilled spirits and wine from the department for transportation over designated routes, pursuant to a regular common carrier certificate, no additional license shall be required upon filing of the designated routes and exhibit required under this section.
  - (e) The license shall be issued to a person legally transporting alcoholic beverages to allow transportation of the beverages over numbered Kentucky state highways, or officially prescribed detours from those highways.
- (3) A transporter's license may be issued to a steam, diesel, or gasoline boatline, desiring to haul alcoholic beverages in barrels or in unbroken case lots, if it maintains published river-rail rates, but licensees shall not be restricted to routes covered by such river-rail rates.
- (4) A transporter's license may be issued as a primary or supplementary license to any nonresident distiller, winery, or wholesaler who is authorized by the state of his or her residence and the federal government to receive and transport distilled spirits and wine. The nonresident licensee may transport for himself or herself only, distilled spirits and wine from the licensed premises of a Kentucky manufacturer, distiller, winery, or rectifier to the transporter's licensed premises only, and beverages on which the Kentucky tax has been paid may be transported from the licensed premises of a nonresident distiller, winery, or rectifier to wholesaler licensees within the Commonwealth of Kentucky, if he or she transports the alcoholic beverages in a truck or other vehicle owned and operated by a nonresident licensee. Each truck or vehicle shall have affixed to its side a sign in uniform letters

of at least three (3) inches high containing the name of the company and the state and federal permit numbers for the vehicles.

- (5) An application for a transporter's license shall include a statement that the applicant, if ~~issued~~<sup>granted</sup> a license, will allow any authorized field representative 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.
- (6) All persons or entities holding a transporter's license shall be required to file reports with the Department of Revenue on or before the fifteenth of each month, covering the preceding month's transactions. Only one (1) report may be submitted to cover each unit shipment of alcoholic beverages transported into and from the state. Each Department of Revenue report shall show the state license number, the name and address of consignor and consignee, shipping date, delivery date, and number of cases according to size contained in each shipment, and shall be signed by an official of the company handling the shipment.
- (7) A transporter's license may be issued as a primary license to a person or entity wishing to transport distilled spirits and wine through this state over the public highways. A transporter's license authorizes the holder to transport distilled spirits and wine during the period of the license. The driver of a vehicle so transporting shall be in the possession of a copy of the license and bills of lading, consignment, or other evidence of ownership of the cargo which tally with the cargo. Failure of the driver to be in possession of these documents shall be prima facie evidence of illegal trafficking. The transporting of distilled spirits and wine without a transporter's license shall subject the offending party to the penalties established in KRS 243.990.
- (8) A transporter's license may be issued as a primary license to a person wishing to transfer distilled spirits or wine from a licensed transporter to one (1) truck from

another. The licensee may receive from and tender to transporters duly licensed under this section those distilled spirits and wine consigned to licensees under KRS Chapters 241 to 244[243.020], in the Commonwealth of Kentucky.

- (9) (a) A transporter's license may be issued as a primary license to a person or entity wishing to export malt beverages from the licensed premises of a Kentucky brewer or from the warehouse of a licensed Kentucky distributor, or from another state, through Kentucky. A transporter's license may be issued to an applicant who holds a beer wholesaler or distributor's license issued by the state into which malt beverages are to be transported, or who is licensed by the state to transport those malt beverages.
- (b) Applicants for the transporter's license under this subsection, and their employees, may be exempt from the residence requirements of KRS 243.100 and 244.090.
- (c) A transporter's license shall authorize the holder to transport malt beverages from the licensed premises of a Kentucky brewer or from the warehouse of the licensed Kentucky distributor, or from another state, through Kentucky, if the licensee transports the malt beverages in a truck or other vehicle carrying a transporter's license and owned and operated by its employees.
- (10) A transporter's license may be issued as a primary or supplemental license to a person, except a retailer, wishing to transport malt beverages for hire. A transporter's license shall authorize the licensee to transport malt beverages for hire to or from the licensed premises of any licensee, except retailers, 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 malt beverages. A transporter licensee may transport malt beverages for hire to or from the licensed premises of any licensee under KRS 243.040 in counties containing a population of less than forty thousand (40,000) if both the consignor and consignee in each case are



authorized by the laws of the states of their residence to sell, purchase, ship, or receive the malt beverages.

- (11) No person except a railroad company or railway express company shall transport or cause to be transported any distilled spirits or wine, unless expressly authorized to do so by law.
- (12) Distilled spirits and wine may be transported by the holder of any license authorized to transport distilled spirits and wine to and from express or freight depots and the licensee's premises.
- (13) A licensed alcoholic beverage store operator may move, within the same county, alcoholic beverages from one of the operator's licensed stores to another without a transporter's license. However, the licensed store operator shall keep and maintain, in one (1) of his or her stores in that county, adequate books and records of the transactions involved in transporting alcoholic beverages from one (1) licensed store 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.
- (14) 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 department. Both the wholesaler and the retailer engaging in activity under this subsection shall be responsible for maintaining records documenting the transactions.

➔Section 43. KRS 243.220 is amended to read as follows:

No license issued under KRS Chapters 241 to 244 ~~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 lease, agreement, or a

permit for a term of not less than the license period.

→ Section 44. KRS 243.230 is amended to read as follows:

~~(1)(a)~~ 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 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) Notwithstanding subsection (1) of this section, NQ2 retail drink licenses may be issued to qualifying premises located within a city, or in a county, if the city or county has enacted an economic hardship ordinance under KRS 243.072.~~

~~(4)~~ (a) Quota retail package licenses may be issued only for premises located within incorporated cities, or 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.

~~(3)~~~~(5)~~ Notwithstanding subsection ~~(2)~~~~(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.

~~(4)~~~~(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 45. 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 46. 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 licensee ~~therefor~~ exists. This license shall authorize the licensee to exercise the privileges of a quota retail drink licensee and an NQ4 retail malt beverage drink licensee at designated premises for a specified and limited time, not to exceed thirty (30) days, and shall expire when the qualifying event ends. All restrictions and prohibitions applying to a distilled spirits and wine quota retail drink licensee or an NQ4 retail malt beverage drink license shall apply also to a special temporary licensee.
- (2) A nonprofit organization holding an NQ4 retail malt beverage drink license may be issued a special temporary license to sell distilled spirits and wine by the drink on the licensed premises for a specified and limited time, not to exceed ten (10) days. The temporary license may be issued in conjunction with any public or private event, including but not limited to weddings, reception, reunions, or similar occasions.

- (3) The holder of a special temporary license may sell, serve, and deliver distilled spirits, wine, or malt beverages by the drink, for consumption at the 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 moist territory where only limited alcoholic beverages drink sales have been approved through a moist local option election.
- ➔Section 47. KRS 243.360 is amended to read as follows:
- (1) Any person, corporation, limited liability company, partnership, limited partnership, or any other business entity created by law, 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 Chapters 241 to 244~~[243.030 and 243.040]~~, advertise by

publication~~[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 having jurisdiction over the proposed premises.*

- (2) The notice shall conform in all material respects to the following requirements:
- (a) The notice shall state: the name and address of the applicant if the applicant is an individual, the name and address of each partner, *the name and address of each principal, principal owner, member, officer, and director of the corporation, corporation, limited liability company, limited partnership, or any other business entity created by law*~~[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.

➔Section 48. 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. **Applications shall be filed within thirty (30) days of the notice required by Section 47 of this Act.**

- (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~~<sup>by</sup> 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~~<sup>shall</sup> 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 49. KRS 243.390 is amended to read as follows:

- (1) In addition to other information as the board may **require through the promulgation of** ~~by~~ administrative **regulations**~~regulation—require~~, every application for a license under KRS **Chapters 241 to 244**~~[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 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 created by law**, the name, age, Social Security number, address, and residence of each 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 the stockholders and the 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) **1.** 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 or her 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.

(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 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 50. 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 Chapters 241 to 244~~[243.030 and 243.040]~~ if the application is incomplete or the correct fee has not been remitted with the application. In denying~~rejecting~~ an application, the state administrator~~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 **Chapters 241 to 244**~~[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.

➔Section 51. KRS 243.440 is amended to read as follows:

(1) All licenses under KRS **Chapters 241 to 244**~~[243.020 to 243.670]~~ shall be in **a**~~[such]~~ form~~[as may be]~~ prescribed **through the promulgation of administrative**~~[by]~~ regulations **by**~~[of]~~ the board and shall contain:

- (a) The name and address of the licensee;
- (b) The number of the license;
- (c) The type of the license;
- (d) A description by street and number, or otherwise, of the licensed premises;
- (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;
- (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 52. KRS 243.450 is amended to read as follows:

(1) A license to be issued under KRS **Chapters 241 to 244**~~[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 or 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 his or her application.
- (2) A license that might be issued under KRS Chapters 241 to 244~~[243.020 to 243.670]~~ may be denied~~[refused]~~ by a state administrator~~[director]~~ for any reason which the administrator~~[director]~~, in the exercise of his or her sound discretion, deems sufficient. Among those factors that the administrator~~[director]~~ shall consider in the exercise of 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 53. KRS 243.470 is amended to read as follows:

- (1) If a state administrator denies~~[director—rejects]~~ an application, the administrator~~[director]~~ shall notify the applicant in writing of the license denial~~[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~~[or persons designated by the board]~~ in compliance with the requirements of KRS Chapter 13B.

**(3) The board has final order authority to order a state administrator to approve and issue a state license.**

**(4) 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 54. KRS 243.490 is amended to read as follows:

~~[(1)]~~ Any license issued under KRS Chapters 241 to 244~~[243.020 to 243.670]~~ may be revoked or suspended by the Alcoholic Beverage Control~~[state]~~ Board if the licensee has~~[shall have]~~ violated:

**(1)** Any of the provisions of KRS Chapters~~[Chapter]~~ 241 to~~[, 243, or]~~ 244;

**(2)** ~~[, or]~~ Any rule or administrative regulation of the board;

**(3)** Any rule or administrative regulation~~[or]~~ of the Department of Revenue relating to the regulation of the manufacture, sale, and transportation or taxation of alcoholic beverages~~[or if the licensee shall have violated or shall violate ]~~;

**(4)** Any Act of Congress or any rule or regulation of any federal board, agency, or commission;

**(5)** ~~[, or]~~ Any county or city ordinance~~[ now, heretofore, or hereafter in effect]~~ relating to the regulation of the manufacture, sale, and transportation or taxation of alcoholic beverages;

**(6)** ~~[intoxicating liquors or any rules or regulations of any local alcoholic beverage authority or any similar body heretofore in existence or authorized by the terms of KRS Chapters 241, 243, and 244 to be created, or if any clerk, agent, servant, or~~

~~employee of any licensee shall violate~~ Any of the laws, regulations, or ordinances ~~above~~ referred to **in this section when a clerk, 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 his **or her** instructions;

~~(7) [or any license may be revoked for]~~ Any cause which the Alcoholic Beverage Control Board in the exercise of its sound discretion deems sufficient; **or**

~~(8) [A license may be revoked for]~~ Any of the reasons for which the **state** administrator would have been required to **deny**~~refuse~~ a license if the facts had been known.

~~(2) If it is determined that an applicant for a license or license renewal under the provisions of this chapter is a delinquent taxpayer as defined in KRS 131.1815, the Department of Alcoholic Beverage Control may refuse to issue or renew the license to the applicant.]~~

➔ Section 55. KRS 243.500 is amended to read as follows:

Any license issued under KRS **Chapters 241 to 244**~~[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 or employee for selling any illegal 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, 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.
- (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]~~.
- (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]~~.
- (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 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 **and games** sold under the provisions of KRS Chapter 154A;
- (b)** **The operation of a pari-mutuel system for betting, where authorized by law;**
- or**
- (c)** **The conduct of charitable gaming by a charitable organization licensed and**

regulated under KRS Chapter 238.

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

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

➔Section 56. 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 Chapters 241 to 244~~[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.

➔Section 57. KRS 243.530 is amended to read as follows:

Within three (3) days after any order of revocation of a license issued under KRS Chapters 241 to 244~~[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 his or her 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~~<sup>board</sup> 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~~<sup>board</sup>, immediately cause one of his ***or her*** officers to take physical possession of the license and return it to the ~~department~~<sup>board</sup>.

➔ Section 58. 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 created by law*** through ***that entity's***~~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~~<sup>director</sup>, dispose of and transfer



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 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 his or her business and has surrendered his or her license to the department, 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 his or her inventory to another licensed retail premises he or she owns, 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 licensee

holding any license that authorizes the possession and sale of those alcoholic beverages~~[retail alcoholic beverage licensee]~~. 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) He or she 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 which 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 of the department's mailing of this request, the licensee shall file with the department and applicant any objection which the licensee may have 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.*

➔Section 59. KRS 243.550 is amended to read as follows:

Hearings upon appeals from orders of a county administrator or a city administrator, a determination of a state administrator~~[director]~~, or upon proceedings for 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 60. KRS 243.560 is amended to read as follows:

- (1) *All*~~[Any]~~ final *orders*~~[order]~~ of the board *may be appealed to Franklin Circuit Court in accordance with 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 Franklin Circuit Court 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 and the licensee or applicant 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.

➔Section 61. 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 ***Chapters 241 to 244***~~[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 62. 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 ***Chapters 241 to 244***~~[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 and license to different premises.***
- (2) Any license issued under KRS ***Chapters 241 to 244***~~[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 ***or her*** 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 such

other information 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~~[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 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 regulation which may result in the suspension or revocation of the license are pending.
- (10) A licensee shall not transfer his or her license or any interest 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 his or her license or any interest in the license if the licensee owes the Commonwealth of Kentucky for taxes as defined in 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 63. KRS 243.640 is amended to read as follows:

- (1) If a corporation, limited liability company, limited partnership,~~[or]~~ partnership, or

other business entity created by law that holds a license under KRS Chapters 241 to 244~~[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 his or her estate, that corporation, limited liability company, limited partnership, partnership, other business entity created 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, with the same rights and subject to the same restrictions and liabilities as if he or she had been the original licensee.

- (2) Before continuing the business the receiver, assignee, personal representative, or committee shall file a statement setting forth in the form the board prescribes the facts and circumstances by which he or she has succeeded to the rights of the original licensee. The state administrator~~[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 him or her, and 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 64. 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 Chapters 241 to 244~~[243.020 to 243.670]~~ has been issued, the state administrator~~[director]~~ who issued the license may, if in his or her discretion 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 65. 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 Chapters 241 to 244~~[243.020 to 243.670]~~. Any such pledge or security interest~~[hypothecation]~~ and any contract providing for the pledge or security interest~~[therefor]~~ shall be void.

→Section 66. KRS 243.670 is amended to read as follows:

The license fee for every license under KRS Chapters 241 to 244~~[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 chapters~~[sections]~~.

→Section 67. KRS 243.882 is amended to read as follows:

For the purposes of KRS 243.884 to 243.890~~[243.892]~~:

- (1) "Wholesale sale" or "sale at wholesale" means a sale made for the purpose of resale in the regular course of business of beer, wine, or distilled spirits, except as provided in KRS 243.884(3).
- (2) A "wholesaler" is a person required to be or who is a licensee authorized to do business pursuant to KRS 243.160 and 243.170.
- (3) A "distributor" is a person required to be or who is a licensee authorized to do business pursuant to KRS 243.180.



➔SECTION 68. A NEW SECTION OF KRS CHAPTER 244 IS CREATED TO READ AS FOLLOWS:

*No person shall possess, sell, offer for sale, or use any powdered or crystalline alcoholic beverage product.*

➔Section 69. KRS 244.050 is amended to read as follows:

~~[(1)]~~No retail licensee shall give away any alcoholic beverage in any quantity or deliver it in any quantity for less than a full monetary consideration, except as provided by KRS 243.150, 243.155, 243.157, Section 17 of this Act, and Section 19 of this Act ~~and 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 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 licensee shall not charge for the samples provided to customers;

~~(c)~~—Sample sizes shall not exceed:

1.—One (1) ounce for wine; and

2.—One half (1/2) ounce for distilled spirits; and

~~(d)~~—A licensee shall limit a customer to:

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

2.—Six (6) 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 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.].

➔Section 70. KRS 244.060 is amended to read as follows:

- (1) No licensee under KRS Chapters 241 to 244~~[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 such a license is required.
- (2) No licensee under KRS Chapters 241 to 244~~[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 71. KRS 244.070 is amended to read as follows:

No licensee under KRS Chapters 241 to 244~~[243.020 to 243.670]~~ shall sell or agree to sell any alcoholic beverages or cause or permit any alcoholic beverages to be sold to any person who has been reported to the licensee by any court or by any officer acting at the direction of a court as having failed to make proper provision for his or her family.

➔Section 72. KRS 244.085 is amended to read as follows:

- (1) 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)~~[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.
- (3) A person under twenty-one (21)~~[21]~~ years of age shall not possess for his or her own use or purchase or attempt to purchase or have another purchase for him or her any alcoholic beverages. No person shall aid or assist any person under twenty-one

(21)~~[21]~~ years of age in purchasing or having delivered or served to him or her any alcoholic beverages.

- (4) A person under twenty-one (21)~~[21]~~ years of age shall not misrepresent 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.
- (5) A person under twenty-one (21)~~[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.
- (6) Except as provided in KRS 244.087 and 244.090, a licensee, or 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 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, or 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.
- (7) Except as provided in subsection (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.
- (8) Except as provided in subsection (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 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.
- (9) A violation of subsection (2), (3), (4), (5), or (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 73. 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 74. KRS 244.130 is amended to read as follows:

- (1) Except in conformity with administrative regulations promulgated by~~of~~ the board, no licensee under KRS Chapters 241 to 244~~[243.020 to 243.670]~~ shall advertise or cause or permit to be advertised in any manner any product which he or she is licensed to manufacture or sell.
- (2) Subsection (1) of this section shall not prohibit:
  - (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;~~or~~
  - (d) Promotional advertising mailed or delivered to a consumer's residence; or
  - (e) A distiller from providing free consumer-branded nonalcoholic novelty items whose retail value does not exceed twenty-five dollars (\$25) per item,

and free production by-products, to visitors in conjunction with a distillery tour or an event conducted by a bona fide charitable organization or church.

➔Section 75. KRS 244.150 is amended to read as follows:

- (1) Each licensee under KRS Chapters 241 to 244~~[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 76. 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:
  - (a)~~(1)~~ 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.
  - (b)~~(2)~~ 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.
  - (c)~~(3)~~ Make any gift or render any kind of service whatsoever, directly or indirectly, to any licensee under KRS 243.030 which~~[in the sound judgment of the board]~~ may tend to influence the licensee to purchase the product of the distiller, rectifier, winery, or wholesaler.
  - (d)~~(4)~~ Enter into a contract with any retail licensee under KRS Chapters 241 to 244 whereby the licensee agrees to confine his or her sales to distilled spirits

or wine manufactured or sold by one (1) or more such distillers, rectifiers, wineries, or wholesalers. 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.**

➔Section 77. KRS 244.260 is amended to read as follows:

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 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 at all times 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].~~

➔Section 78. KRS 244.290 is amended to read as follows:

- (1) (a) A premises that is licensed to sell distilled spirits or wine at retail shall be permitted to remain open during the hours the polls are open on any primary, or regular, local option, or special election day unless it is located where the legislative body of a city with a population equal to or greater than three thousand (3,000) based on the most recent federal decennial census, urban-county government, consolidated local government, charter county government, unified local government, or the fiscal court of a county containing a city with a population equal to or greater than three thousand (3,000) based on the most recent federal decennial census 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 provided in KRS 243.050, a premise for which there has been ~~issued~~granted a license for the sale of distilled spirits or wine at retail by the drink or by the package shall not remain open for any purposes between midnight and 6 a.m. or at any time during the twenty-four (24) hours of a Sunday, unless:
  - (a) The licensee provides a separate locked department in which all stocks of distilled spirits and wine are kept during those times; or
  - (b) The legislative body of a city with a population equal to or greater than three thousand (3,000) based on the most recent federal decennial census, urban-county government, consolidated local government, charter county government, unified local government, or the fiscal court of a county containing a city with a population equal to or greater than three thousand



(3,000) based on the most recent federal decennial census, has otherwise established the hours and times in which distilled spirits and wine may be sold within its jurisdictional boundaries.

~~(4) In any city with a population equal to or greater than three thousand (3,000) based on the most recent federal decennial census, or in any county containing such a city 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~~county~~ containing a licensed small farm winery that is permitted to sell alcoholic beverages under KRS Chapter 242, the sale of alcoholic beverages at the small farm winery on Sunday may be permitted if:

- (a) The legislative body of the local government having jurisdiction under KRS Chapter 242~~county~~ 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.

~~(5)~~~~(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 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.

~~(6)~~~~(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.

~~(7)~~~~(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 ***or amend*** the ordinance pursuant to the provisions of this section.

**(8) A retail drink licensee located in territory which has authorized Sunday retail distilled spirits and wine drink sales under this section shall obtain a Sunday retail drink license before selling distilled spirits and wine on Sunday.**

➔Section 79. KRS 244.340 is amended to read as follows:

- (1) No retailer of distilled spirits or wine by the package shall purchase, keep upon the licensed premises, or sell any distilled spirits or wine by the package in any container except in the original sealed package containing quantities of not less than **fifty (50)**~~two hundred (200)~~ milliliters of distilled spirits or one hundred (100) milliliters of wine and not exceeding one and seventy-five hundredths (1.75) liters of distilled spirits or two hundred twenty (220) liters of wine.~~Containers of fifty (50) milliliters for distilled spirits shall be permitted.~~
- (2) Each container shall have affixed to it all labels~~as may be~~ required by **federal law** **or** the administrative regulations of the board~~, together with all required federal revenue tax stamps~~.
- (3) No container shall be opened nor its contents consumed on the licensed premises unless the licensee also holds a retail drink license.

➔Section 80. KRS 244.350 is amended to read as follows:

No retailer of **alcoholic beverages**~~distilled spirits or wine~~ by the package **for off-premises consumption** shall deliver or advertise the delivery of **alcoholic beverages**, **except as authorized by Section 39 of this Act**~~distilled spirits and wine~~.

➔Section 81. KRS 244.360 is amended to read as follows:

**(1) Each retail alcoholic beverage licensee shall display the name of the licensee together with the inscription of the licensee's alcoholic beverage license number or numbers on the front of the licensed premises. The licensee may display its name and numbers by stickers, paint, or other medium if all letters and numbers are uniform, are clearly visible, and measure not less than three (3) inches in height.**

(2) The following words, and no others, may be abbreviated: Kentucky, (Ky.); Company, (Co.); Limited Liability Company, (LLC); Limited Liability Partnership, (LLP); Incorporated, (Inc.); Retailer, (Ret.); and Corporation, (Corp.)~~[All alcoholic beverage retailers shall have printed on the front window of the licensed premises the name of the licensee together with the inscription: "Kentucky Retail Package Liquor License No. ...." in uniform letters not less than three (3) inches in height].~~

➔Section 82. KRS 244.480 is amended to read as follows:

- (1) Except as 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 provided in subsection (4) of this section, no retailer shall 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 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 retailer is located where the legislative body of an urban-county government, consolidated local government, charter county government, unified local government, city containing a population equal to or greater than three thousand (3,000) based on the most recent federal decennial census, or the fiscal court of a county containing such a city, 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) The legislative body of an urban-county government, consolidated local government, charter county government, unified local government, city with a population equal to or greater than three thousand (3,000) based on the most recent federal decennial census, or county containing such a city, 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 83. 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 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 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 **otherwise prescribe 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 **administrator** ~~director~~ may **prescribe 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 Chapter 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.

➔Section 84. KRS 244.990 is amended to read as follows:

- (1) Any person who, 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, 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 created 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 he or she shall be guilty of a Class D felony. Upon the third and each subsequent conviction, 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 created 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 (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 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 85. 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 86. KRS 222.005 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

- (1) "Administrator" means the person or the designee of the person, in charge of the operation of an alcohol and other drug abuse prevention, intervention, or treatment program;
- (2) "Agency" means a legal entity operating hospital-based or nonhospital-based alcohol and other drug abuse prevention, intervention, or treatment programs;
- (3) "Alcohol and other drug abuse" means a dysfunctional use of alcohol or other drugs or both, characterized by one (1) or more of the following patterns of use:



- (a) The continued use despite knowledge of having a persistent or recurrent social, legal, occupational, psychological, or physical problem that is caused or exacerbated by use of alcohol or other drugs or both;
  - (b) Use in situations which are potentially physically hazardous;
  - (c) Loss of control over the use of alcohol or other drugs or both; and
  - (d) Use of alcohol or other drugs or both is accompanied by symptoms of physiological dependence, including pronounced withdrawal syndrome and tolerance of body tissues to alcohol or other drugs or both;
- (4) "Cabinet" means the Cabinet for Health and Family Services;
- (5) "Director" means the director of the Division of Behavioral Health of the Department for Behavioral Health, Developmental and Intellectual Disabilities;
- (6) "Hospital" means an establishment with organized medical staff and permanent facilities with inpatient beds which provide medical services, including physician services and continuous nursing services for the diagnosis and treatment of patients who have a variety of medical conditions, both surgical and nonsurgical;
- (7) **"Incapacitated by alcohol and other drug abuse" means that the person, as a result of alcohol and other drug abuse, has impaired judgment resulting in the person being incapable of realizing that there are serious and highly probable risks to health and safety involved in refusing treatment and making a rational decision with respect to the need for treatment;**
- (8)** "Intoxication" means being under the influence of alcohol or other drugs, or both, which significantly impairs a person's ability to function;
- (9)**~~(8)~~ "Juvenile" means any person who is under the age of eighteen (18);
- (10)**~~(9)~~ "Narcotic treatment program" means a substance abuse program using approved controlled substances and offering a range of treatment procedures and services for the rehabilitation of persons dependent on opium, morphine, heroin, or any derivative or synthetic drug of that group;

~~(11)~~~~(10)~~ "Other drugs" means controlled substances as defined in KRS Chapter 218A and volatile substances as defined in KRS 217.900;

~~(12)~~~~(11)~~ "Patient" means any person admitted to a hospital or a licensed alcohol and other drug abuse treatment program;

~~(13)~~~~(12)~~ "Program" means a set of services rendered directly to the public that is organized around a common goal of either preventing, intervening, or treating alcohol and other drug abuse problems;

~~(14)~~~~(13)~~ "Secretary" means the secretary of the Cabinet for Health and Family Services;

~~(15)~~~~(14)~~ "Treatment" means services and programs for the care and rehabilitation of intoxicated persons and persons suffering from alcohol and other drug abuse. "Treatment" includes those services provided by the cabinet in KRS 222.211 and, in KRS 222.430 to 222.437, it specifically includes the services described in KRS 222.211(1)(c) and (d); and

~~(16)~~~~(15)~~ "Qualified health professional" has the same meaning as qualified mental health professional in KRS 202A.011, except that it also includes an alcohol and drug counselor certified under KRS Chapter 309.

➔Section 87. KRS 222.431 is amended to read as follows:

No person suffering from alcohol and other drug abuse shall be ordered to undergo treatment unless that person:

- (1) Suffers from alcohol and other drug abuse;
- (2) Presents an imminent threat of danger to self, family, or others as a result of alcohol and other drug abuse, or there exists a substantial likelihood of such a threat in the near future **or is incapacitated by alcohol and other drug abuse as defined in Section 86 of this Act;** and
- (3) Can reasonably benefit from treatment.

➔Section 88. KRS 222.432 is amended to read as follows:

- (1) Proceedings for sixty (60) days or three hundred sixty (360) days of treatment for an individual suffering from alcohol and other drug abuse shall be initiated by the filing of a verified petition in District Court.
- (2) The petition and all subsequent court documents shall be entitled: "In the interest of (name of respondent)."
- (3) The petition shall be filed by a spouse, relative, friend, or guardian of the individual concerning whom the petition is filed.
- (4) The petition shall set forth:
  - (a) Petitioner's relationship to the respondent;
  - (b) Respondent's name, residence, and current location, if known;
  - (c) The name and residence of respondent's parents, if living and if known, or respondent's legal guardian, if any and if known;
  - (d) The name and residence of respondent's husband or wife, if any and if known;
  - (e) The name and residence of the person having custody of the respondent, if any, or if no such person is known, the name and residence of a near relative or that the person is unknown; and
  - (f) Petitioner's belief, including the factual basis therefor, that the respondent is suffering from an alcohol and other drug abuse disorder and presents a danger or threat of danger to self, family, or others if not treated for alcohol or other drug abuse.

Any petition filed pursuant to this subsection shall be accompanied by a guarantee, signed by the petitioner or other person authorized under subsection (3) of this section, obligating that person to pay ~~the full~~ costs for treatment of the respondent for alcohol and other drug abuse that is ordered by the court *if not otherwise covered by a third-party payor.*

➔Section 89. KRS 222.433 is amended to read as follows:

- (1) Upon receipt of the petition, the court shall examine the petitioner under oath as to

the contents of the petition.

- (2) If, after reviewing the allegations contained in the petition **and any previous alcohol or drug assessments or drug tests conducted with the petitioner by qualified health professionals within the past six (6) months,** and examining the petitioner under oath, it appears to the court that there is probable cause to believe the respondent should be ordered to undergo treatment, then the court shall:
- (a) Set a date for a hearing within fourteen (14) days to determine if there is probable cause to believe the respondent should be ordered to undergo treatment for alcohol and other drug abuse;
  - (b) Notify the respondent, the legal guardian, if any and if known, and the spouse, parents, or nearest relative or friend of the respondent concerning the allegations and contents of the petition and the date and purpose of the hearing; and the name, address, and telephone number of the attorney appointed to represent the respondent; and
  - (c) Cause the respondent to be examined no later than twenty-four (24) hours before the hearing date by two (2) qualified health professionals, at least one (1) of whom is a physician. The qualified health professionals shall certify their findings to the court within twenty-four (24) hours of the examinations.

**If the respondent fails to adequately participate in this examination, the court shall accept any previous alcohol or drug assessments or drug tests conducted with the petitioner by qualified health professionals within the past six (6) months as findings to the court.**

- (3) If, upon completion of the hearing, the court finds the respondent should be ordered to undergo treatment, then the court shall order such treatment for a period not to exceed sixty (60) consecutive days from the date of the court order or a period not to exceed three hundred sixty (360) consecutive days from the date of the court order, whatever was the period of time that was requested in the petition or

otherwise agreed to at the hearing. Failure of a respondent to undergo treatment ordered pursuant to this subsection may place the respondent in contempt of court.

- (4) If, at any time after the petition is filed, the court finds that there is no probable cause to continue treatment or if the petitioner withdraws the petition, then the proceedings against the respondent shall be dismissed.

➔Section 90. KRS 222.470 is amended to read as follows:

**(1)** Chemical dependency treatment programs shall not be considered for receipt of state funds if they:

**(a)**~~(1)~~ Do not submit reports as required by KRS 222.460; or

**(b)**~~(2)~~ Do not cooperate in the submission of information that would allow the cabinet to conduct a scientific random sample survey of client-outcome indicators as required by KRS 222.465.

**(2)** *Alcohol and other drug abuse treatment services identified under this chapter shall be authorized by the Department for Medicaid Services and its contractors as Medicaid-eligible services and shall be subject to the same medical necessity criteria and reimbursement methodology as for all other covered behavioral health services.*

**(3)** *Private insurers shall utilize their respective medical necessity criteria and reimbursement methodology for alcohol and other drug abuse treatment services identified under this chapter.*

➔Section 91. The following KRS sections are repealed:

241.075 Location of quota retail package licenses and quota retail drink licenses in cities of the first class or consolidated local governments.

242.127 Sale of distilled spirits or wine by the drink in wet city of the fourth class -- Local option election.

242.129 Statement of proposition submitted in election.

243.031 Winery licenses.

- 243.072 Economic hardship determinations for regulatory ordinances by a city of the fourth class -- Administrative regulations.
- 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.
- 243.892 Sales to be made only to licensed retailer -- Discounts prohibited.
- 244.295 Urban-county government may set liquor sale hours -- Local option on Sunday sales in urban-county -- Licensing -- Sunday sales extension.