

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2015 REGULAR SESSION**

MEASURE

2015 BR NUMBER 1299

HOUSE BILL NUMBER 423

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE An ACT relating to small farm wineries.

SPONSOR Representative Horlander

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: Department of Alcoholic Beverage Control

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY Alcoholic Beverage Control OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2014-2015	2015-2016	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES		Indeterminable	Indeterminable
NET EFFECT		(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

MEASURE'S PURPOSE: The purpose of this measure is to allow small farm wineries to produce up to 1,000 gallons of brandy per year to fortify their wine products.

PROVISIONS/MECHANICS: This motion amends KRS 243.155 to allow small farm wineries to produce up to 1,000 gallons of brandy annually. The brandy must be made from 100% Kentucky grapes, fruit, wine, or pomace and does not count towards the 50,000 gallon wine production limit. The produced brandy can be used only to fortify wine products, but may not be sold as a stand-alone product. Fortified wine products may be sold by the small farm winery or may be given to patrons (up to two complimentary ounces per day).

FISCAL EXPLANATION: The fiscal impact from this bill is entirely from the new employees it would require to regulate and monitor the small farm wineries new distilling operations. Since the small farm wineries would not be required to pay for a Class B distilling license (cost of \$1,000) but would still need to be monitored, the cost of enforcement would not be offset by new revenues. The amount of employees needed to monitor the small farm wineries is indeterminable since it is unknown how many would start producing brandy. However, the costs would be minimal.

DATA SOURCE(S): Public Protection Cabinet

PREPARER: Justin Perry **NOTE NUMBER:** 46 **REVIEW:** GMR **DATE:** 3/2/2015

LRC 2015-BR1299HB423