

CORRECTIONS IMPACT STATEMENT

SESSION: 16RS

BILL #: SB 11 HCS

BR #: 399

DOC ID#: BR039900.100 - 399 - 1673

BILL SPONSOR(S): Sen. Schickel AMENDMENT SPONSOR(S): Rep. Schickel

SUBJECT: AN ACT relating to alcoholic beverages.

SUMMARY OF LEGISLATION: AN ACT relating to alcoholic beverages.

Amend KRS 241.010 to define "bed and breakfast," "commercial quadricycle," and "discount in the usual course of business"; expand the definition of "alcoholic beverage" to include a powder or crystal containing alcohol; increase the annual production limit for small farm wineries from 50,000 gallons to 100,000 gallons; make a souvenir package a special package of Kentucky distilled spirits; create a new section of KRS Chapter 242 to allow a precinct-level local option election to authorize the sale of alcoholic beverages at a distillery; amend KRS 242.020 to require those who circulated a local option petition to bear the cost of the election if it is held on a day other than a primary or regular election day; amend KRS 242.030 to set the filing deadlines for a local option election held on a primary or regular election day; amend KRS 242.1241 to conduct a small farm winery local option election in the same manner as in KRS 242.020 to 242.120; create a new section of KRS Chapter 243 to establish and regulate authorized public consumption (APC) licenses for use with commercial quadricycles; set APC license qualifications, including a business office, general liability insurance of at least \$2,000,000, and a local government permit; establish the standards for drivers and local ordinances for commercial quadricycles; allow patrons to bring their own unopened packaged alcoholic beverages in nonglass containers for personal consumption on the commercial quadricycle; limit patron consumption to times after boarding and while riding the commercial quadricycle; prohibit patrons from bringing open alcoholic beverages from a licensed retail premises onto the commercial quadricycle; forbid local APC fees from exceeding state APC fees; amend KRS 243.030 and 243.070 to establish state and local APC license fees and craft rectifier license fees; amend KRS 243.060 to designate state and local APC license fees; amend KRS 243.0305 to set maximum souvenir package sales of nine liters per customer per day; establish rules for distillery use of a sampling license or an NQ3 license; amend KRS 243.033 to allow a caterer to cater a private party or special event at a nonfederally bonded portion of a distillery; amend KRS 243.036 to apply a distilled spirits and wine auction license to malt beverages; include raffles as a part of the auction license; amend KRS 243.086 to permit an NQ3 retail drink license for a distiller or a bed and breakfast; limit bed and breakfast drink sales to paid overnight guests; amend KRS 243.090 to make most local alcohol licenses expire on the same date as the corresponding state license; prorate the cost of a local license in the first year to allow the local license to synchronize with the state license; amend KRS 243.120 to create Class A and Class B rectifier's licenses; tax and distribute distiller retail drink sales in the same manner as souvenir package sales; amend KRS 243.130, 243.155, and 243.157 to allow employees of distillers, rectifiers, wineries, small farm wineries, and microbreweries to sample their employer's products for purposes of education, quality control, and product development; enable small farm wineries to enter into "custom crush" agreements with one another; permit a small farm winery to sell its wine products that are unmarketable as wine to a distiller; allow a small farm winery to produce up to 1,000 gallons of brandy per year; mandate the use of 100% Kentucky products in the production of brandy or its fortified wine products; forbid the offer or sale of brandy as a stand-alone product; exclude brandy and fortified wine production from a small farm winery's wine production limit; authorize sampling and sale of fortified wine products at a small farm winery or off-premises retail site located in wet territory; limit fortified wine samples to two ounces per patron per day; direct a small farm winery to only fortify its wine products with brandy it manufactured; increase the annual production limit for microbreweries from 25,000 barrels to 50,000 barrels; authorize a microbrewery to sell its products by the drink or package at fairs, festivals, and similar events; create a new section of KRS Chapter 244 to forbid any person to possess, sell, offer for sale, or use any powdered or crystalline alcoholic beverage product; amend KRS 244.050 to authorize a quota retail package licensee to provide free and paid samples of distilled spirits or wine; amend KRS 244.085 to allow a person under 21 years of age to remain at a licensed APC premises; amend KRS 244.130 to enable a distiller to provide visitors with free production by-products or free nonalcoholic novelty items; amend KRS 244.240 to permit distillers, rectifiers, wineries, and wholesalers to give discounts in the usual course of business if the same discounts are offered to all licensees of the same license type buying similar quantities; amend KRS 242.022, 242.1242, 242.1244, 243.034, and 243.882 to conform; repeal KRS 243.892.

SB11 - AMENDMENTS

SCS1/CI/FN/LM - Amend KRS 243.030, 243.060, and 243.070 to establish fees for Class A and Class B types of NQ3 retail drink licenses; reinstitute the original city fee for a Class A rectifier's license; amend KRS 243.0305 and 244.050 to exclude the sampling license privileges in each statute from those of the other statute; amend KRS 243.086 to designate a Class A NQ3 license for a distiller and a Class B NQ3 license for a private club, dining car, or bed and breakfast; amend KRS 243.130, 243.155, and 243.157 to allow the agent of an alcohol manufacturer to sample the products of that manufacturer for purposes of education, quality control, and product development.

SFA1(P. Hornback) - Amend KRS 241.010 to clarify that a distiller is permitted to sell a souvenir package produced or bottled at that distillery or produced or bottled at another of that distiller's licensed distilleries; amend KRS 244.130 to direct a distillery to provide free novelty items and free production by-products only to visitors who are 21 years of age or older.

SFA2(J. Schickel) - Preclude a small farm winery's production of fortified wine from counting towards its 100,000 annual gallon limit, instead of 50,000 gallons.

HFA1(S. Santoro) - Amend KRS 242.125 to allow a city adjacent to a federal or state waterway to hold its own wet, dry, or moist local option election; make amendments to conform.

Jan 06, 2016 - introduced in Senate

Jan 07, 2016 - to Licensing, Occupations, & Administrative Regulations (S)

Jan 12, 2016 - reported favorably, 1st reading, to Calendar with Committee Substitute; floor amendment (1) filed to Committee Substitute
 Jan 13, 2016 - 2nd reading, to Rules; posted for passage in the Regular Orders of the Day for Thursday, January 14; floor amendment (2) filed to Committee Substitute
 Jan 14, 2016 - 3rd reading, passed 29-8 with Committee Substitute, floor amendments (1) and (2)
 Jan 15, 2016 - received in House
 Jan 19, 2016 - to Licensing & Occupations (H)
 Feb 23, 2016 - floor amendment (1) filed
 Mar 11, 2016 - posted in committee
 Mar 18, 2016 - floor amendment (1) withdrawn
 Mar 22, 2016 - taken from Licensing & Occupations (H); 1st reading; returned to Licensing & Occupations (H)

This bill amendment committee substitute is expected to:

Have the following Corrections impact Have no Corrections impact

- | | |
|---|--|
| <input type="checkbox"/> Creates new crime(s) | <input type="checkbox"/> Repeals existing crime(s) |
| <input type="checkbox"/> Increases penalty for existing crime(s) | <input type="checkbox"/> Decreases penalty for existing crime(s) |
| <input type="checkbox"/> Increases incarceration | <input type="checkbox"/> Decreases incarceration |
| <input type="checkbox"/> Reduces inmate/offender services | <input type="checkbox"/> Increases inmate/offender services |
| <input type="checkbox"/> Increases staff time or positions | <input type="checkbox"/> Reduces staff time or positions |
| <input checked="" type="checkbox"/> Changes elements of offense for existing crime(s) | |
| <input type="checkbox"/> Otherwise impacts incarceration (Explain) _____ | |

STATE IMPACT: Class A, B & C felonies are based on an average daily prison rate of \$61.09. Most Class D felons are housed in one of 78 full service jails for up to 5 years. DOC's cost to incarcerate a felony inmate in a jail is \$31.92 per day (includes jail per diem, medical & central office costs), not including substance abuse treatment. Projections are based on the daily rate x 365 x number of years.

Projected Impact: NONE MINIMAL MODERATE SIGNIFICANT

Creates no new felonies. Section _____ The proposed legislation has a Class D felony attached for violation of KRS 243.020 third offense.

LOCAL IMPACT: Local governments are responsible for the cost of incarcerating individuals charged with Class A or B misdemeanors and felony defendants until disposition of the case. While the expense varies by jail, this estimated impact will be based on \$31.34 per day, which equals the per diem and medical that DOC pays jails to house felony offenders.

Creates no new misdemeanor offenses. Section _____

The proposed legislation has possible Class A misdemeanor and Class B misdemeanor attached for violation of KRS 243.20.

Based on the \$31.34 per diem rate, the local impact is estimated as follows:

The following offices contributed to this Corrections Impact Statement:

Dept. of Corrections Dept. of Kentucky State Police Administrative Office of the Courts Parole Board Other

NOTE: Consideration should be given to the cumulative impact of all bills that increase the felon population or that impose new obligations on state or local governments.

APPROVED BY: _____

Commissioner, Kentucky Department of Corrections

_____ Date