

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2016 REGULAR SESSION**

MEASURE

2016 BR NUMBER 0399

BILL NUMBER SB11/SCS1

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE An ACT relating to Alcoholic Beverages.

SPONSOR Senator Schickel

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: Alcoholic Beverage Control

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Indeterminable Minimal	Indeterminable Minimal	Indeterminable Minimal
EXPENDITURES		Indeterminable Minimal	Indeterminable Minimal	Indeterminable Minimal
NET EFFECT		Indeterminable Minimal	Indeterminable Minimal	Indeterminable Minimal

() indicates a decrease/negative

MEASURE'S PURPOSE:

Increases the production limits of a "Small farm winery" from 50,000 gallons/year to 100,000 gallons/year.

Changes a "Souvenir package" to include distilled spirits, if available for retail sale at a licensed Kentucky distillery where it was produced or bottled, or produced or bottled at another distillery in Kentucky.

Allows for a local option election for the sale of alcoholic beverages to be held in a city or county precinct where a distillery is located.

Allows a limited sale precinct election to authorize Sunday sales at a small farm winery.

Creates an "Authorized Public Consumption" license that may be issued to a commercial quadricycle business for the consumption of alcoholic beverages during the operation of a

quadricycle on a public highway.

Separates rectifiers into two classes, and changes the fee for a Rectifier's license into two different categories. Changes 'Special temporary' auctions license to include "alcoholic beverage". Adds a new Authorized Public Consumption license at \$250 per annum. Separates Nonquota type 3 license into two classes with different fees, including a separate fee in counties containing a consolidated local government.

Increases the quantity of alcoholic beverages distillers may sell in souvenir packages to distillery visitors from 3 liters per visitor per day to 9. Includes conditions under which a distillery holding a sampling license may allow visitors to sample distilled spirits.

Clarifies how a distiller is to account for retail sales on the premises, based on the license of the distiller.

Allows for limited catering of alcoholic beverages at a distillery.

Clarifies the criteria for a limited restaurant license.

Allows for distilled spirits, wine, and malt beverages to be sold, auctioned, or raffled at charity events.

Includes small farm winery, brewer, or microbrewery in the list of types of establishments that may donate, give away, or deliver any of its products to a charitable organization possessing a special temporary alcoholic beverage auction license.

Adds a bed and breakfast and a distiller to the list of types of establishments that can be issued an NQ3 retail drink license.

Clarifies when a bed and breakfast may sell alcoholic beverages.

Allows distillers in wet territories or in any precinct that has authorized the limited sale of alcoholic beverages at distilleries to sell distilled spirits by the drink at retail to consumers.

Allows employees or agents of distillers, rectifiers, wineries, and microbreweries to sample the products produced by that manufacturer for purposes of education, quality control, and product development.

Permits a small farm winery to produce wine for another licensed small farm winery for (1) production year. The resulting wine shall be considered the wine of the small farm winery that provides the fruit.

Allows the manufacture of brandy in an amount not to exceed 1,000 gallons per year using 100% Kentucky grapes, fruit, pomace, or unmarketable wine. Restricts the stand-alone sale of brandy, but may be added to fortify wine products produced by that small farm winery.

Allows for the manufacture and bottle of fortified wine products using 100% Kentucky grapes, fruit, wine, or pomace and fortified only by brandy manufactured by the small farm winery.

Raises the microbrewery barrel limit to 50,000 barrels.

Expands the types of events at which malt beverages produced on the premises of the microbrewery can be sold.

Prohibits the possession, sale, or use of any powdered or crystalline alcoholic beverage product.

Limits a customer's sampling to 1 ounce of free distilled spirits samples per day and 6 ounces of free wine samples per day.

Limits sample amounts that can be purchased, and establishes limits on the combination of free and purchased samples.

Permits a distiller to provide, free of charge, consumer-branded nonalcoholic novelty items whose actual retail cost does not exceed \$100 per item.

PROVISIONS/MECHANICS: Amends KRS 241.010 to add and change definitions; adds a new section to KRS 242; and amends KRS 242.020, 242.022, 242.030, 242.1241, 242.1242, and 242.1244 to provide for a local option election and change selected requirements; adds a new section to KRS 243, and amends KRS 243.030, 243.0305, 243.033, 243.034, 243.036, 243.060, 243.070, 243.120, 243.130, 243.155, 243.157, and 243.882 to add new licenses, change licensing requirements and address licensing changes, and change what is permitted by licensees based on venues, etc.; adds a new section to KRS Chapter 244 to prohibit powdered or crystalline alcohol; amends KRS 244.050 to address samples and sampling of alcoholic beverages; amends 244.085 to conform; amends KRS 244.130 and 244.240 to gifts and discounts by licensees; repeals KRS 243.892.

FISCAL EXPLANATION: There may be some added expenses due to additional inspections being required; however, that cost could be offset by revenue due to additional licensing fees. The fiscal impact cannot be determined, but would not be significant.

DATA SOURCE(S): LRC Staff

PREPARER: Stephanie Rich **NOTE NUMBER:** 25 **REVIEW:** JRS **DATE:** 1/14/2016