

1 AN ACT relating to alcoholic beverages, and making an appropriation therefor.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 243.884 is amended to read as follows:

- 4 (1) (a) For the privilege of making "wholesale sales" or "sales at wholesale" of *malt*
 5 *beverages*~~[beer]~~, wine, or distilled spirits, a tax is hereby imposed upon all
 6 wholesalers of wine and distilled spirits, and upon all distributors of *malt*
 7 *beverages*~~[beer]~~.
- 8 (b) ***On and after June 1, 2018***~~[Prior to July 1, 2015]~~, the tax shall be imposed at
 9 the rate of *fourteen*~~[eleven]~~ percent (*14%*~~[(11%)]~~) of the gross receipts of any
 10 such wholesaler or distributor derived from "sales at wholesale" or "wholesale
 11 sales" made within the Commonwealth except as provided in subsection (3) of
 12 this section.
- 13 (c) ***Before June 1, 2018***~~[On and after July 1, 2015]~~, the following rates shall
 14 apply:
- 15 1. For distilled spirits, eleven percent (11%) of wholesale sales or
 16 sales at wholesale; and
 - 17 2. For wine and *malt beverages*~~[beer]~~:
 - 18 a. ~~Ten and three-quarters of one percent (10.75%) for wholesale sales~~
 19 ~~or sales at wholesale made on or after July 1, 2015, and before~~
 20 ~~June 1, 2016;~~
 - 21 b. ~~Ten and one-half of one percent (10.5%) for wholesale sales or~~
 22 ~~sales at wholesale made on or after June 1, 2016, and before June~~
 23 ~~1, 2017;~~
 - 24 e. ~~ten and one-quarter of one percent (10.25%) for wholesale sales~~
 25 ~~or sales at wholesale made on or after June 1, 2017, and before~~
 26 ~~June 1, 2018; and~~
 - 27 d. ~~Ten percent (10%) for wholesale sales or sales at wholesale made~~

1 ~~on or after June 1, 2018].~~

2 (2) Wholesalers of distilled spirits and wine and distributors of malt beverages shall pay
3 and report the tax levied by this section on or before the 20th day of the calendar
4 month next succeeding the month in which possession or title of the distilled spirits,
5 wine or malt beverages is transferred from the wholesaler or distributor to retailers
6 or consumers in this state, in accordance with rules and regulations of the
7 Department of Revenue designed reasonably to protect the revenues of the
8 Commonwealth.

9 (3) Gross receipts from sales at wholesale or wholesale sales shall not include the
10 following sales:

11 (a) Sales made between wholesalers or between distributors; and

12 (b) Sales made by a small farm winery or wholesaler of wine produced by a small
13 farm winery, if that small farm winery produces no more than fifty thousand
14 (50,000) gallons of wine per year.

15 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO
16 READ AS FOLLOWS:

17 *No city, county, charter county government, urban-county government, consolidated*
18 *local government, or unified local government may impose a regulatory license fee*
19 *upon the gross receipts of the sale of alcoholic beverages.*

20 ➔Section 3. KRS 242.1292 is amended to read as follows:

21 (1) The provisions of this section shall be applicable only in any city with a population
22 equal to or greater than twenty thousand (20,000) based upon the most recent
23 federal decennial census notwithstanding any other provisions of this chapter
24 relating to the wet or moist status in any county, city, or territory which may be to
25 the contrary.

26 (2) In any city meeting the population requirements of subsection (1) of this section that
27 is dry or moist in all or part of the city, and upon a determination that an economic

- 1 hardship exists in one (1) or more of the voting precincts of the city in the manner
2 prescribed in subsection (11) of this section, the governing body of the city shall by
3 ordinance designate the precinct or precincts as a limited sale precinct or precincts
4 and shall provide for an election to be held in the precinct or precincts to take the
5 sense of the people of each precinct as to making that precinct wet territory. A
6 petition seeking a local option election under this section shall state "We the
7 undersigned registered voters hereby petition for an election on the following
8 question: 'Are you in favor of the sale of alcoholic beverages in (official name of
9 precinct)?'".
- 10 (3) The election shall be held in the precinct or precincts in the manner prescribed in
11 this chapter. The election shall not be deemed to be an election in the "same
12 territory" within the meaning of KRS 242.030(3).
- 13 (4) The question shall be presented to the voters in conformance with the requirements
14 of KRS 242.050 except that the form of the proposition shall be, "Are you in favor
15 of the sale of alcoholic beverages in (official name and designation of precinct)?".
- 16 (5) If a majority of the votes cast in any limited sale precinct in which an election is
17 held under this section are in favor of the sale of alcoholic beverages in that
18 precinct, the governing body of the city shall by ordinance create or provide for the
19 office of city alcoholic beverage control administrator.
- 20 (6) The governing body of the city shall adopt the comprehensive regulatory ordinance
21 covering the licensing and operation of establishments for the sale of alcoholic
22 beverages, including, but not limited to, distilled spirits and malt beverages, within
23 a limited sale precinct as set forth in this section. In relation to the ordinances
24 established by a city meeting the population requirements of subsection (1) of this
25 section under this subsection and subsection (7) of this section, review by the board,
26 if any, shall be limited to a determination that the ordinances do not exceed the
27 limits established for sale by statute, or administrative regulations promulgated by

1 the board under those statutes. In its discretion the governing body shall provide
2 without review by the board that:

3 (a) Only three (3) licenses permitting the package sale at retail of alcoholic
4 beverages shall be granted within the territorial limits of any limited sale
5 precinct.

6 (b) Only four (4) licenses to sell alcoholic beverages by the drink for consumption
7 on the premises by the general public shall be granted in any one (1) limited
8 sale precinct. One (1) license in each limited sale precinct may be reserved for
9 any newly established hotel, motel, or inn containing not less than fifty (50)
10 sleeping units and having dining facilities for not less than one hundred (100)
11 persons. The remaining three (3) licenses may be granted to a hotel, motel, or
12 inn meeting the requirements of this section or to bona fide restaurants open to
13 the general public having dining facilities for not less than one hundred (100)
14 persons. Additional licenses to sell alcoholic beverages by the drink for
15 consumption on the premises may be granted to social membership clubs
16 established and maintained for the benefit of members of bona fide fraternal
17 or veterans organizations.

18 (7) The governing body of the city may also incorporate in the regulatory ordinance any
19 other reasonable rules and regulations as it deems, necessary or desirable for the
20 proper administration and enforcement of this section, for the maintenance of public
21 order in a limited sale precinct, and for the issuance of any licenses permitted by
22 KRS 243.070.

23 (8) ~~Notwithstanding any limitations imposed on the city's taxing or licensing power by~~
24 ~~KRS 243.070, once any limited sale precinct has been established as wet territory,~~
25 ~~the governing body of the city may impose a regulatory license fee upon the gross~~
26 ~~receipts of each establishment located in the precinct and licensed to sell alcoholic~~
27 ~~beverages. The regulatory license fee may be levied at the beginning of each city~~

1 ~~budget period at the percentage rate reasonably estimated to fully reimburse the city~~
2 ~~for the estimated costs of any additional policing, regulatory, or administrative~~
3 ~~expenses related to the sale of alcoholic beverages in the city. The regulatory license~~
4 ~~fee shall be in addition to any other taxes, fees, or licenses permitted by law, but a~~
5 ~~credit against the fee shall be allowed in an amount equal to any licenses or fees~~
6 ~~imposed by the city pursuant to KRS 243.070.~~

7 ~~(9)~~ Subject to the limitation imposed by subsection (3) of this section, no provision
8 contained in this section providing for the establishment of a limited sale precinct
9 shall preclude or abridge the right of the constitutionally qualified voters of the
10 precinct to petition for a subsequent election on the same question.

11 ~~(9)~~~~(10)~~ If an election is held pursuant to other provisions of KRS Chapter 242 in the
12 city or the county in which a limited sale precinct is located for the purpose of
13 taking the sense of the voters upon the question of the entire city or the entire
14 county becoming dry, wet, or moist, the status of that question in a limited sale
15 precinct shall be determined in the following manner:

16 (a) The status of a limited sale precinct shall not be affected by any election for
17 the entire city or the entire county if the limited sale precinct was established
18 less than five (5) years prior to the date of the proposed election for the entire
19 city or the entire county and if so the voters of any limited sale precinct shall
20 not vote in the election.

21 (b) If the limited sale precinct was established more than five (5) years prior to the
22 date of the proposed election for the entire city or the entire county, the voters
23 within each limited sale precinct shall be presented with the question, "Are
24 you in favor of continuing the sale of alcoholic beverages in (official name
25 and designation of precinct) as a limited sale precinct?". No other question
26 shall be presented to the voters of any limited sale precinct.

27 (c) The votes of each limited sale precinct shall be counted separately, and, if a

1 majority of the votes cast in the limited sale precinct are in favor of continuing
2 the sale of alcoholic beverages in the precinct as a limited sale precinct, then
3 the status shall continue within the precinct, except that if the city or the
4 county in which the limited sale precinct is located votes wet in the remainder
5 of the city or the county, the limited sale precinct status of any precinct may be
6 terminated by the governing body of the city or the county and the status of
7 the precinct shall be the same as that in effect for the remainder of the city or
8 the county.

9 (10)~~[(11)]~~ Any precinct located entirely within any city meeting the population
10 requirements of subsection (1) of this section that is dry in all or part of the city
11 shall be designated as a limited sale precinct by the governing body of the city if:

12 (a) The governing body determines to its satisfaction that the general trade,
13 business, and economy of one (1) or more of the precincts within the city is
14 substantially, adversely affected by the legal sale of alcoholic beverages in any
15 neighboring or adjoining state, county, city, town, district, or precinct. For the
16 purpose of making this determination, the governing body may hold hearings,
17 examine witnesses, or receive evidence as it believes necessary or desirable
18 for the purpose; or

19 (b) The governing body receives a petition signed by a number of constitutionally
20 qualified voters of a precinct equal to thirty-three percent (33%) of the votes
21 cast in the precinct at the last preceding general election requesting the
22 governing body of the city to designate the precinct as a limited sale precinct.
23 The petition may consist of one (1) or more separate units and shall be filed
24 with the mayor of the city. In addition to the name of the voter, the petition
25 shall also state the voter's post office address and the correct date upon which
26 the voter's name is signed. Upon receipt of the petition, the mayor shall
27 present it to the governing body of the city at its next regularly scheduled

1 meeting and, after verifying that the petition is in compliance with the
 2 requirements of this section, the governing body shall by ordinance
 3 immediately designate the precinct to be a limited sale precinct.

4 ➔Section 4. KRS 243.030 is amended to read as follows:

5 The following licenses that authorize traffic in distilled spirits and wine may be issued by
 6 the distilled spirits administrator. Licenses that authorize traffic in all alcoholic beverages
 7 may be issued by both the distilled spirits administrator and malt beverages administrator.
 8 The licenses and their accompanying fees are as follows:

- 9 (1) Distiller's license:
 - 10 (a) Class A, per annum\$3,090.00
 - 11 (b) Class B (craft distillery), per annum\$1,000.00
- 12 (2) Rectifier's license:
 - 13 (a) Class A, per annum\$2,580.00
 - 14 (b) Class B (craft rectifier), per annum\$825.00
- 15 (3) Winery license, per annum\$1,030.00
- 16 (4) Small farm winery license, per annum\$110.00
 - 17 (a) Small farm winery off-premises retail license, per annum\$30.00
- 18 (5) Wholesaler's license, per annum\$2,060.00
- 19 (6) Quota retail package license, per annum.....\$570.00
- 20 (7) Quota retail drink license, per annum\$620.00
- 21 (8) Transporter's license, per annum\$210.00
- 22 (9) **Supplemental transporter's license****\$100.00**
- 23 **(10)** Special nonbeverage alcohol license, per annum\$60.00
- 24 **(11)**~~(10)~~ Special agent's or solicitor's license, per annum\$30.00
- 25 **(12)**~~(11)~~ Bottling house or bottling house storage license,
 26 per annum\$1,030.00
- 27 **(13)**~~(12)~~ Special temporary license, per event\$100.00

1	(14) (13) Special Sunday retail drink license, per annum	\$520.00
2	(15) (14) Caterer's license, per annum	\$830.00
3	(16) (15) Special temporary alcoholic beverage	
4	auction license, per event	\$100.00
5	(17) (16) Extended hours supplemental license, per annum	\$2,060.00
6	(18) (17) Hotel in-room license, per annum	\$210.00
7	(19) (18) Air transporter license, per annum	\$520.00
8	(20) (19) Sampling license, per annum	\$110.00
9	(21) (20) Replacement or duplicate license	\$25.00
10	(22) (21) Entertainment destination center license, per annum	\$7,730.00
11	(23) (22) Limited restaurant license, per annum.	\$780.00
12	(24) (23) Limited golf course license, per annum.....	\$720.00
13	(25) (24) Small farm winery wholesaler's license, per annum	\$110.00
14	(26) (25) Qualified historic site license, per annum	\$1,030.00
15	(27) (26) Nonquota type 1 license, per annum	\$4,120.00
16	(28) (27) Nonquota type 2 license, per annum.....	\$830.00
17	(29) (28) Nonquota type 3 license, per annum.....	\$310.00
18	(30) (29) Distilled spirits and wine storage license, per annum	\$620.00
19	(31) (30) Out-of-state distilled spirits and wine supplier's license, per annum	\$1,550.00
20	(32) (31) Limited out-of-state distilled spirits and	
21	wine supplier's license, per annum	\$260.00
22	(33) (32) Authorized public consumption license, per annum.....	\$250.00
23	(34) (33) A nonrefundable fee of sixty dollars (\$60) shall be charged to process each	
24	new transitional license pursuant to KRS 243.045.	
25	(35) (34) Other special licenses the board finds necessary for the proper regulation and	
26	control of the traffic in distilled spirits and wine and provides for by administrative	
27	regulation. In establishing the amount of license taxes that are required to be fixed	

1 by the board, it shall have regard for the value of the privilege granted.

2 ~~(36)~~~~[(35)]~~ The fee for each of the first five (5) supplemental bar licenses shall be the
3 same as the fee for the primary retail drink license. There shall be no charge for
4 each supplemental license issued in excess of five (5) to the same licensee at the
5 same premises.

6 A nonrefundable application fee of fifty dollars (\$50) shall be charged to process each
7 new application under this section, except for subsections (4), (8), ~~(10)~~~~[(9)]~~, ~~(11)~~~~[(10)]~~,
8 ~~(13)~~~~[(12)]~~, ~~(16)~~~~[(15)]~~, ~~(20)~~~~[(19)]~~, and ~~(21)~~~~[(20)]~~ of this section. The application fee shall
9 be applied to the licensing fee if the license is issued; otherwise it shall be retained by the
10 department.

11 ➔Section 5. KRS 243.110 is amended to read as follows:

12 (1) Except as provided in subsection (3) of this section, each kind of license listed in
13 KRS 243.030 shall be incompatible with every other kind listed in that section and
14 no person or entity holding a license of any of those kinds shall apply for or hold a
15 license of another kind listed in KRS 243.030.

16 (2) (a) Each kind of license listed in KRS 243.040(1), (3), or (4) shall be
17 incompatible with every other kind listed in KRS 243.040(1), (3), or (4), and
18 no person holding a license of any of those kinds shall apply for or hold a
19 license of any other kind listed in KRS 243.040(1), (3), or (4).

20 (b) A brewery holding a license listed in KRS 243.040(5) or (8) shall not apply
21 for or hold a license listed in KRS 243.040(3) or (4).

22 (3) (a) The holder of a quota retail package license may also hold a quota retail drink
23 license, an NQ1 retail drink license, an NQ2 retail drink license, a
24 supplemental transporter's license, or a special nonbeverage alcohol license.

25 (b) The holder of a transporter's license may also hold a distilled spirits and wine
26 storage license.

27 (c) The holder of a distiller's license may also hold a rectifier's license, a special

- 1 nonbeverage alcohol license, a winery license, or a small farm winery license.
- 2 (d) A commercial airline system or charter flight system retail license, a
3 commercial airline system or charter flight system transporter's license, and a
4 retail drink license if held by a commercial airline or charter flight system may
5 be held by the same licensee.
- 6 (e) A Sunday retail drink license and supplemental license may be held by the
7 holder of a primary license.
- 8 (4) Any person may hold two (2) or more licenses of the same kind.
- 9 (5) A person or entity shall not evade the prohibition against applying for or holding
10 licenses of two (2) kinds by applying for a second license through or under the name
11 of a different person or entity. The state administrator shall examine the ownership,
12 membership, and management of applicants, and shall deny the application for a
13 license if the applicant is substantially interested in a person or entity that holds an
14 incompatible license.
- 15 ➔Section 6. KRS 243.157 is amended to read as follows:
- 16 (1) A microbrewery license shall authorize the licensee to perform the following
17 functions:
- 18 (a) Engage in the business of a brewer under the terms and conditions of KRS
19 243.150, provided that production of malt beverages at the microbrewery shall
20 not exceed fifty thousand (50,000) barrels in one (1) year;
- 21 (b) Serve on the premises complimentary samples of malt beverages produced by
22 the microbrewery in amounts not to exceed sixteen (16) ounces per patron,
23 provided the microbrewery is located in wet territory;
- 24 (c) Sell malt beverages produced on the premises of the microbrewery to licensed
25 distributors;
- 26 (d) Sell malt beverages produced on the premises of the microbrewery for on- and
27 off-premises purposes in accordance with subsection (3)(b) and (c) of this

1 section; and

2 (e) Sell malt beverages produced on the premises of the microbrewery to
3 consumers at fairs, festivals, and other similar types of events located in wet
4 territory, in accordance with subsection (3)(b)2. and 3. and subsection (3)(c)2.
5 and 3. of this section. The cumulative amount of malt beverages purchased by
6 a consumer by the drink and by the package from a microbrewery under this
7 paragraph shall not exceed two hundred eighty-eight (288) ounces per day.

8 (2) A microbrewery license shall not be deemed to be incompatible with any other
9 license except for a distributor's license under the provisions of KRS 243.180.

10 (3) In accordance with the provisions of this section, a microbrewery license holder
11 may:

12 (a) Hold retail drink and package licenses both on and off the premises of the
13 microbrewery. The holder of a microbrewery license is exempt from the
14 provisions of KRS 244.570 and 244.590 as applied to any retail licenses held
15 by the microbrewery license holder, and from any other sections which would
16 restrict the co-ownership of the microbrewery license and any retail licenses
17 described in this section;

18 (b) Sell malt beverages produced on the premises of the microbrewery for on-
19 premises purposes without having to transfer physical possession of those
20 malt beverages to a licensed distributor provided:

- 21 1. The microbrewery possesses a retail drink license for those premises;
- 22 2. The microbrewery has a written contract with a licensed distributor
23 authorizing the distributor to purchase and distribute the microbrewery's
24 malt beverages to any other retailer; and
- 25 3. The microbrewery provides to the distributor a monthly report of the
26 quantity of malt beverages produced at the microbrewery and sold at
27 retail at the microbrewery under the provisions of its retail drink license.

1 The report required under this subparagraph shall:

- 2 a. Be provided to the distributor on or before the tenth day of the
3 month next succeeding the month in which the malt beverages
4 were produced and sold at the microbrewery; and
- 5 b. Be provided on a form promulgated by the Department of
6 Revenue~~[board by administrative regulation]~~. The information
7 provided on the form shall be reported to the Department of
8 Revenue at the time and in the manner required by that department
9 in accordance with its powers under KRS 131.130(3) and any
10 administrative regulation promulgated thereunder.

11 Nothing in this subparagraph shall require a distributor to verify the
12 accuracy of the information provided by the microbrewery in its report;
13 and

14 (c) Sell malt beverages produced on the premises of the microbrewery for off-
15 premises purposes without having to transfer physical possession of those
16 malt beverages to a licensed distributor provided that:

- 17 1. The microbrewery possesses a retail package license for those premises;
- 18 2. The microbrewery has a written contract with a licensed distributor
19 authorizing the distributor to purchase and distribute the microbrewery's
20 malt beverages to any other retailer; and
- 21 3. The microbrewery provides to the distributor a monthly report of the
22 quantity of malt beverages produced at the microbrewery under the
23 provisions of its retail package license. The report required under this
24 subparagraph shall:
- 25 a. Be provided to the distributor on or before the tenth day of the
26 month next succeeding the month in which the malt beverages
27 were produced and sold at the microbrewery; and

1 b. Be provided on a form promulgated by the Department of
 2 Revenue~~board by administrative regulation~~. The information
 3 provided on the form shall be reported to the Department of
 4 Revenue at the time and in the manner required by that department
 5 in accordance with its powers under KRS 131.130(3) and any
 6 administrative regulation promulgated thereunder.

7 Nothing in this subparagraph shall require a distributor to verify the
 8 accuracy of the information provided by the microbrewery in its report;
 9 and

10 4. The amount of malt beverages purchased by a customer during a visit to
 11 the microbrewery's premises does not exceed two hundred eighty-eight
 12 (288) ounces per customer per day.

13 (4) The provisions of subsection (3)(b) and (c) of this section shall apply only to malt
 14 beverages that are produced by the microbrewery at its licensed premises and:

15 (a) Offered for sale by the microbrewery at that same premises under the
 16 microbrewery's retail drink or package license; or

17 (b) Offered for sale by the microbrewery at a fair, festival, or other similar type of
 18 event as authorized under subsection (1)(e) of this section.

19 All other malt beverages produced by the microbrewery which are offered for retail
 20 sale shall be sold and physically transferred to a licensed distributor in compliance
 21 with all other relevant provisions of KRS Chapters 241 to 244, and a licensed
 22 microbrewery shall not otherwise affect sales of malt beverages directly to retail
 23 customers except as provided in subsection (3)(b) and (c) of this section.

24 (5) (a) A microbrewery selling malt beverages in accordance with subsection (3)(b)
 25 and (c) of this section shall collect and provide the licensed distributor all
 26 taxes due under KRS 243.884. The tax shall be computed at the rate
 27 established in Section 1 of this Act on~~of eleven percent (11%) of~~ the

1 wholesale value of the malt beverages sold by the microbrewery under the
2 provisions of subsection (3)(b) and (c) of this section. For the purposes of this
3 subsection "wholesale value" shall be determined in accordance with the
4 contract required under subsection (3)(b)2. and (c)2. of this section, as
5 applicable.

6 (b) The licensed distributor shall be responsible for remitting these amounts to the
7 Commonwealth as provided in KRS 243.884(1). ~~In accordance with KRS~~
8 ~~243.886, the licensed distributor shall be allowed to deduct one percent (1%)~~
9 ~~of the tax remitted under this subsection, provided the amount due is not~~
10 ~~delinquent at the time of payment.]~~ Nothing in this subsection shall require the
11 licensed distributor to verify the amount of taxes collected and provided by
12 the microbrewery to be the true and accurate amount which is due according
13 to KRS 243.884; nor shall the distributor be responsible for remittance of
14 taxes due in the event the microbrewery fails to collect and provide the
15 amounts owed under the provisions of this subsection.

16 (c) A microbrewery shall pay the excise tax on malt beverages in accordance with
17 KRS 243.720(3) and 243.730 and shall be entitled to the credit set forth in
18 KRS 243.720(3)(b).

19 (6) A microbrewery shall not be located in dry or moist territory.

20 (7) An employee of a microbrewery may sample the products produced by that
21 microbrewery for purposes of education, quality control, and product development.

22 (8) This section does not exempt the holder of a microbrewery license from the
23 provisions of KRS Chapters 241 to 244, nor from any rules of the board as
24 established by administrative regulations, nor from regulation by the board, except
25 as expressly stated in this section. The provisions of this section shall not be
26 deemed inconsistent with the provisions of KRS 244.602.

27 (9) Nothing in this section shall be construed to vitiate the policy of this

1 Commonwealth, as set forth in KRS 244.167 and 244.602, supporting an orderly
2 three (3) tier system for the production and sale of malt beverages.

3 ➔Section 7. KRS 243.170 is amended to read as follows:

- 4 (1) A wholesaler may sell, deliver, and transport distilled spirits and wine at wholesale,
5 and from the licensed premises only, to:
- 6 (a) Other wholesalers;
 - 7 (b) Retailers; or
 - 8 (c) A point out of the state to persons authorized by the law of the state of their
9 residence, and by the United States government if located in the United States,
10 to receive the distilled spirits and wine.
- 11 (2) A wholesaler may purchase distilled spirits and wine at wholesale from licensed
12 distillers, rectifiers, wineries, or other wholesalers and from nonresidents authorized
13 by the law of the states of their residence, and by the United States government if
14 located in the United States, to make the sales. A wholesaler may not transport
15 distilled spirits and wine from any point to its own licensed premises, except as
16 provided in KRS 243.200.
- 17 (3) No wholesaler shall sell or contract to sell, give away, or deliver any distilled spirits
18 or wine to any person in Kentucky who is not licensed to receive, possess,
19 distribute, or sell distilled spirits and wine, and no wholesaler shall sell or contract
20 to sell, give away, or deliver any distilled spirits or wine to any consumer. This
21 section does not permit sales or deliveries of distilled spirits in Kentucky by
22 licensed wholesalers to nonresidents who are not licensed by their own states.
- 23 (4) A wholesaler may extend credit on distilled spirits and wine sold to retail licensees
24 for a period not to exceed thirty (30) days from the date of invoice, with the date of
25 invoice included in the total number of days. ~~When the thirty (30) day period has
26 passed without payment in full, no wholesaler shall sell to the licensee except for
27 cash on delivery.~~

1 **(5) A wholesaler shall make deliveries to retail licensees on a timely basis, and at no**
2 **time shall a delivery to a retail licensee exceed one (1) week after the date on**
3 **which the order was received.**

4 ➔Section 8. KRS 243.180 is amended to read as follows:

5 (1) A distributor's license shall authorize the licensee to:

6 (a) Purchase malt beverages from Kentucky breweries or from out-of-state
7 breweries or distributors licensed to do business by the state in which they are
8 located;

9 (b) Import a non-United States brand malt beverage from an importer or
10 wholesaler registered with the Kentucky Department of Revenue;

11 (c) Sell his or her products to the holder of a special nonbeverage alcohol license;
12 or

13 (d) Store malt beverages and to sell them only, from the licensed premises, to
14 other distributors, to licensed retailers, to any of its employees for home
15 consumption, and to charitable or fraternal organizations holding group
16 meetings, picnics, or outings.

17 (2) A distributor shall transport malt beverages only by a vehicle owned, rented, or
18 leased and operated by the distributor, which has affixed to its sides at all times a
19 sign of form and size prescribed by the state board, containing among other things
20 the name and license number of the licensee. No distilled spirits or wine shall be
21 transported on the same truck or vehicle with malt beverages, except by a common
22 carrier, unless the owner of such truck or vehicle holds a wholesaler's license.

23 (3) A distributor's license must be obtained for each separate warehouse, agent,
24 distributor, broker, jobber, or place of business from which orders are received or
25 beverages are distributed unless it is a licensed brewery.

26 **(4) A distributor shall make deliveries to retail licensees on a timely basis, and at no**
27 **time shall a delivery to a retail license exceed one (1) week after the date on**

1 *which the order was received.*

2 ➔Section 9. KRS 243.200 is amended to read as follows:

- 3 (1) A transporter's license may be issued as a primary license to a motor carrier
4 authorized to transact business in the Commonwealth by the Transportation Cabinet
5 or the Federal Motor Carrier Safety Administration or to another person engaged in
6 business as a common carrier. A person holding a transporter's license may
7 transport alcoholic beverages to or from the licensed premises of any licensee under
8 this chapter if both the consignor and consignee in each case are authorized by the
9 law of the states of their residence to sell, purchase, ship, or receive the alcoholic
10 beverages.
- 11 (2) The holder of a transporter's license shall cause each truck or vehicle to display the
12 name of the licensee and the state license numbers in a manner prescribed by an
13 administrative regulation promulgated by the board.
- 14 (3) An application for a transporter's license shall include a statement that the applicant,
15 if issued a license, shall allow any authorized investigators of the department to stop
16 and examine the cargo of any truck or vehicle in which alcoholic beverages are
17 being transported within the boundaries of the Commonwealth of Kentucky.
- 18 (4) Applicants for the transporter's license under this section, and their employees, shall
19 be exempt from the residency requirements of KRS 243.100.
- 20 (5) A licensee may move, within the same county, alcoholic beverages from one (1) of
21 the licensee's licensed premises to another without a transporter's license. A licensee
22 may move alcoholic beverages from one (1) of the licensee's licensed premises
23 located in one (1) county to a licensed premises located in another county, without a
24 transporter's license, with prior written approval of the administrator for good cause
25 shown. The licensee shall keep and maintain, in one (1) of its licensed premises,
26 adequate books and records of the transactions involved in transporting alcoholic
27 beverages from one (1) licensed premises to another in accordance with standards

1 established in administrative regulations promulgated by the board. The records
2 shall be available to the department and the Department of Revenue upon request.

3 (6) (a) A supplemental transporter's license may be issued to a quota retail
4 package licensee wishing to transport alcoholic beverages to another quota
5 retail package licensee where the retail premises have at least two-thirds
6 (2/3) common ownership if the licensee:

- 7 1. Derives not less than ninety percent (90%) of his or her cash receipts
8 from the sale of alcoholic beverages; and
- 9 2. Pays the annual supplemental transporter's license fee established in
10 Section 4 of this Act.

11 (b) The supplemental transporter's license fee shall permit a quota retail
12 package licensee to make unlimited yearly transactions between two (2)
13 retail premises designated on the license. A separate license shall be
14 required for each retail premise if the operator wishes to move alcoholic
15 beverages between other retail premises of at least two-thirds (2/3) common
16 ownership.

17 (c) A quota retail package licensee holding a supplemental transporter's license
18 under this subsection shall:

- 19 1. Maintain for three (3) years at one (1) of his or her retail premises
20 adequate books and records of the transactions involved in
21 transporting alcoholic beverages from one (1) licensed retail premise
22 to another in accordance with standards established in administrative
23 regulations promulgated by the department; and
- 24 2. Transport the alcoholic beverages in a truck that has:
 - 25 a. Been marked with the supplemental transporter's license
26 number in conformity with administrative regulations of the
27 department; and

1 **b. Interior dimensions in the cargo area of not greater than ten**
 2 **(10) feet by fifteen (15) feet.**

3 **(d) The driver of a vehicle transporting alcohol under this subsection shall**
 4 **maintain a copy of the supplemental transporter's license and bills of**
 5 **lading, consignment, or other evidence of ownership of the cargo. Failure**
 6 **of the driver to be in possession of these documents shall be prima facie**
 7 **evidence of illegal trafficking. The transporting of distilled spirits and wine**
 8 **without a transporter's license shall subject the offending party to the**
 9 **penalties established in KRS 243.990.**

10 **(e) The transport of alcoholic beverages by the holder of a supplemental**
 11 **transporter's license shall be from the retail premises of one (1) retail**
 12 **licensee to another only.**

13 **(f) A supplemental transporter's license shall be limited to one (1) vehicle per**
 14 **license. Nothing in this subsection shall prohibit retail licensees with at**
 15 **least two-thirds (2/3) common ownership and multiple supplemental**
 16 **transporter's licenses from use of the same designated vehicle.**

17 **(7)** Distilled spirits and wine may be transported by any licensed retailer selling
 18 distilled spirits or wine, by the package or by the drink, from the premises of a
 19 licensed wholesaler to the licensed premises of the retail licensee. Any retailer
 20 transporting alcoholic beverages under this subsection shall do so in a vehicle
 21 marked in conformity with administrative regulations of the board. Both the
 22 wholesaler and the retailer engaging in activity under this subsection shall be
 23 responsible for maintaining records documenting the transactions.

24 ➔Section 10. KRS 243.360 is amended to read as follows:

25 (1) All persons, except an applicant for the same license for the same premises, or an
 26 applicant for an out-of-state malt beverage supplier's license, limited out-of-state
 27 malt beverage supplier's license, out-of-state distilled spirits and wine supplier's

1 license, limited out-of-state distilled spirits and wine supplier's license,
2 supplemental bar license, extended hours supplemental license, a special agent or
3 solicitor's license, a special nonbeverage alcohol license, a transporter's license, a
4 supplemental transporter's license, a special Sunday drink license, a hotel in-room
5 license, a sampling license, or a special temporary drink license shall, before
6 applying for a license, advertise by publication their intention to apply for a license
7 in the newspaper for legal notices under KRS 424.120 for the county or city whose
8 local administrator has local jurisdiction over the proposed premises.

- 9 (2) The notice shall contain the following information:
- 10 (a) The notice shall state: the name and address of the applicant and the name and
11 address of each principal owner, partner, member, officer, and director if the
12 applicant is a partnership, limited partnership, limited liability company,
13 corporation, governmental agency, or other business entity recognized by law;
- 14 (b) The notice shall specifically state the location of the premises for which the
15 license is sought, the type of business, and the type of license being requested;
16 and
- 17 (c) The notice shall state the date the application will be filed and shall contain
18 the following statement: "Any person, association, corporation, or body politic
19 may protest the approval of the license by writing the Department of
20 Alcoholic Beverage Control, 1003 Twilight Trail, Frankfort, Kentucky 40601,
21 within thirty (30) days of the date of legal publication."
- 22 (3) Any protest received after the thirty (30) day period has expired shall not be
23 considered a valid legal protest by the board.
- 24 (4) Substantial compliance with the information listed in subsection (2) of this section
25 shall be sufficient to comply with this section.
- 26 ➔Section 11. KRS 244.040 is amended to read as follows:
- 27 (1) Except as provided in subsection (6) of this section, a brewer or distributor shall

1 not sell alcoholic beverages to any person in this state for any consideration except
2 for cash paid at or before the time of delivery.

3 For purposes of this section, "cash" includes the sale of malt beverages by electronic
4 transfers if the following conditions are met:

- 5 (a) The use of electronic transfers shall be voluntary and shall be agreed to by the
6 affected brewer, distributor, and retailer;
- 7 (b) The brewer shall not pay or credit back in any way to the distributor any share
8 of the cost that is attributable to the electronic transfer;
- 9 (c) The distributor shall not pay or credit back in any way to the retailer any share
10 of the cost that is attributable to the electronic fund transfer;
- 11 (d) The transfer of funds shall be initiated by the brewer or the distributor;
- 12 (e) The distributor may debit the retailer's bank account for the exact amount due
13 based on the amount of alcoholic beverages delivered;
- 14 (f) Electronic fund transfers that are rejected or denied at the time of sale for any
15 reason shall be treated in the same manner as checks drawn on insufficient
16 funds; and
- 17 (g) Each participating retail licensee and each distributor maintain accurate
18 records of all electronic fund transfers in accordance with department statutes
19 and administrative regulations.
- 20 (2) A brewer or distributor shall not furnish or deliver any returnable bottled malt
21 beverage without collecting a minimum container charge or deposit of sixty cents
22 (\$0.60) per case of twenty-four (24) twelve-ounce bottles or its equivalent in the
23 same manner that the price of the malt beverage is collected.
- 24 (3) This section shall not prohibit a licensee from crediting to a purchaser the actual
25 prices charged for packages or containers returned by the original purchaser as a
26 credit on any sale, or from refunding to any purchaser the amount paid by the
27 purchaser for containers or as a deposit on containers when the title is retained by

1 the vendor, if the containers or packages have been returned to the brewer or
2 distributor.

3 (4) No right of action shall exist to collect any claim for credit extended contrary to this
4 section.

5 (5) This section shall not apply to sales by wholesalers or distributors to licensees that
6 are private clubs or voluntary associations.

7 **(6) A brewer or distributor may extend credit on malt beverages sold to retail**
8 **licensees for a period not to exceed thirty (30) days from the date of the invoice,**
9 **with the date of the invoice included in the total number of days.**

10 ➔Section 12. KRS 244.440 is amended to read as follows:

11 (1) Every resident and nonresident distiller, rectifier, or winery and nonresident
12 wholesaler who owns, is the primary source of supply, or has an exclusive interest
13 in any particular brands, which are intended for sale or sold in this state, shall:

14 **(a)** Be licensed in this state;

15 **(b)** ~~and shall~~ Register, on a form ~~to be~~ provided by the department, the names
16 of the wholesalers in this state to whom distributing rights have been granted
17 for one **(1)** or more or all of the brands and product names of distilled spirits
18 or wine offered for sale or sold in this state; **and**

19 **(c)** **Make its brands available to any wholesaler legally authorized to distribute**
20 **that product in this state, and shall not grant the distributing rights of any**
21 **particular brand to only one (1) wholesaler exclusively.**

22 (2) No distiller, rectifier, or winery shall offer to sell or sell, and no wholesaler shall
23 offer to purchase or purchase, any brands and product names that have not been
24 registered as provided by this section.

25 ➔Section 13. The following KRS sections are repealed:

26 243.075 Certain wet or moist local governments may impose regulatory license fees on
27 gross receipts of the sale of alcoholic beverages of establishments selling alcoholic

1 beverages -- Regulatory license fees levied on gross receipts of the sale of alcoholic
2 beverages of establishments selling beverages by the drink following determination
3 of economic hardship -- Annual levies -- Credits -- Applicability of county
4 regulatory license fee when cities also levy license fee -- Enactment of fee following
5 election after July 15, 2014 -- Rate of fee established after July 15, 2014 --
6 Administrative regulations -- Use of revenue received from regulatory license fee --
7 Penalties for violation -- Party suing city or county for violation responsible for
8 attorney fees if city or county found not to be in violation -- Definition.

9 243.886 Reimbursement for collecting and reporting.