

1 AN ACT relating to alcoholic beverages.

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

3 ➔Section 1. KRS 243.075 is amended to read as follows:

- 4 (1) (a) A qualified city or a county containing a qualified city that is wet through a
5 local option election held under KRS Chapter 242 is authorized to impose a
6 regulatory license fee upon the gross receipts of the sale of alcoholic
7 beverages of each establishment located in the city or county licensed to sell
8 alcoholic beverages.
- 9 (b) The regulatory license fee may be levied at the beginning of each budget
10 period at a percentage rate that is reasonably estimated to fully reimburse the
11 local government for the estimated costs of any additional policing,
12 regulatory, or administrative expenses related to the sale of alcoholic
13 beverages in the city and county.
- 14 (c) The regulatory license fee shall be in addition to any other taxes, fees, or
15 licenses permitted by law, except:
- 16 1. A credit against a regulatory license fee shall be allowed in an amount
17 equal to any licenses or fees imposed by the city or county pursuant to
18 KRS 243.060 or 243.070; and
- 19 2. In a county in which the city and county both levy a regulatory license
20 fee, the county license fee shall only be applicable outside the
21 jurisdictional boundaries of those cities which levy a license fee.
- 22 (2) (a) A city or county that is moist through a local option election held under KRS
23 242.1244 may by ordinance impose a regulatory license fee upon the gross
24 receipts of the sale of alcoholic beverages of each establishment located in the
25 city or county and licensed to sell alcoholic beverages by the drink for
26 consumption on the premises.
- 27 (b) The regulatory license fee may be levied annually at a rate that is reasonably

1 estimated to fully reimburse the city or county for the estimated costs for any
2 additional policing, regulatory, or administrative related expenses.

3 (c) The regulatory license fee shall be in addition to any other taxes, fees, or
4 licenses permitted by law, but a credit against the fee shall be allowed in an
5 amount equal to any licenses or fees imposed by the city or county pursuant to
6 KRS 243.060 or 243.070.

7 (d) In a county in which the city and county both levy a regulatory license fee, the
8 county license fee shall only be applicable outside the jurisdictional
9 boundaries of those cities which levy a license fee.

10 (3) For any election held after July 15, 2014, any new fee authorized under subsection
11 (1) or (2) of this section shall be enacted by the city or county no later than two (2)
12 years from the date of the local option election held under KRS Chapter 242.

13 (4) After July 15, 2014, any fee authorized under subsections (1) and (2) of this section
14 shall be established at a rate that will generate revenue that does not exceed the total
15 of the reasonable expenses actually incurred by the city or county in the
16 immediately previous fiscal year for the additional cost, as demonstrated by
17 reasonable evidence, of:

18 (a) Policing;

19 (b) Regulation; and

20 (c) Administration;

21 as a result of the sale of alcoholic beverages within the city or county.

22 (5) (a) The Alcoholic Beverage Control Board shall promulgate administrative
23 regulations which set forth the process by which a city or county, in the first
24 year following the discontinuance of prohibition, may estimate any additional
25 policing, regulation, and administrative expenses by a city or county directly
26 and solely related to the discontinuance of prohibition. This subsection shall
27 apply to any discontinuance of prohibition occurring after the promulgation of

1 administrative regulations required by this subsection.

2 (b) After the first year, the regulatory license fee for each subsequent year shall
3 conform to the requirements of subsection (4) of this section.

4 (6) The revenue received from the imposition of the regulatory license fee authorized
5 under subsections (1) and (2) of this section shall be:

6 (a) Deposited into a segregated fund of the city or county;

7 (b) Spent only in accordance with the requirements of subsections (1) and (2) of
8 this section; and

9 (c) Audited under an annual audit performed pursuant to KRS 43.070, 64.810,
10 and 91A.040.

11 (7) Any city or county found by a court to have violated the provisions of this section
12 shall:

13 (a) Provide a refund as determined by the court to any licensee that has been
14 harmed in an amount equal to its prorated portion of the excess revenues
15 collected by the city or county that are directly attributable to a violation
16 occurring after July 15, 2014;

17 (b) Be responsible for the payment of the reasonable attorney fees directly
18 incurred by a party to a litigation in an amount ordered by the court upon its
19 finding of an intentional and willful violation of this section by a city or
20 county occurring after July 15, 2014; and

21 (c) Upon the finding by a court of a second intentional and willful violation of the
22 provisions of this section, lose the ability to impose the regulatory fee
23 provided by this section for a period of five (5) years and, upon the finding by
24 a court of a third intentional and willful violation, forfeit the right to impose
25 the regulatory license fee authorized by this section.

26 (8) Any party bringing suit against a city or county for an alleged violation of this
27 section occurring after July 15, 2014, shall be responsible for the payment of the

1 reasonable attorney fees of the city or county in an amount determined by the court
2 upon a finding by the court that the city or county did not violate this section.

3 (9)~~[(a)]~~ As used in this section, "qualified city" means:

4 (a) A city on the registry maintained by the Department for Local Government
5 under this paragraph~~[(b) of this subsection]~~.

6 ~~[(b)]~~ On or before January 1, 2015, the Department for Local Government shall
7 create and maintain a registry of cities that, as of August 1, 2014, were
8 classified as cities of the third or fourth class. The Department for Local
9 Government shall make the information included on the registry available to
10 the public by publishing it on its Web site; or

11 (b) A city that has a population of less than one thousand (1,000) on the
12 effective date of this Act. If a city that is qualified under this paragraph
13 subsequently increases its population to become a city with a population
14 equal to or greater than one thousand (1,000), that city shall maintain its
15 status as a qualified city.