

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. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) A person whose license in another state authorizes the person to sell alcoholic*
6 *beverages by the package at retail and who is not licensed in Kentucky to do the*
7 *same may apply for a shipping permit. The holder of a shipping permit may ship*
8 *alcoholic beverages to a Kentucky consumer if:*

9 *(a) All alcoholic beverage containers shipped to the consumer are*
10 *conspicuously labeled with the words "CONTAINS ALCOHOL:*
11 *SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR*
12 *DELIVERY"; and*

13 *(b) The alcoholic beverages are shipped through a licensed common carrier.*

14 *(2) A shipping permit shall be required for a person who is not licensed in Kentucky*
15 *to ship alcoholic beverages into Kentucky. The holder of a shipping permit may*
16 *ship all types of alcoholic beverages that the holder is authorized to sell, with the*
17 *following aggregate limits:*

18 *(a) Distilled spirits, in quantities not to exceed four and one-half (4-1/2) liters*
19 *per consumer per day for sales prior to January 1, 2021, and in quantities*
20 *not to exceed nine (9) liters per consumer per day on and after January 1,*
21 *2021;*

22 *(b) Wine, in quantities not to exceed four (4) cases per consumer per day; and*

23 *(c) Malt beverages, in quantities not to exceed two (2) cases per consumer per*
24 *month.*

25 *(3) A shipping permit holder shall:*

26 *(a) Hold the permit contingent on obeying all laws and administrative*
27 *regulations of both the issuing state and the receiving state;*

- 1 (b) Be subject to potential fines, penalties, license or permit suspension, or
2 license or permit revocation for a violation of the duties or obligations to
3 hold a shipping permit;
- 4 (c) Institute a system to allow an independent party to safely and accurately
5 verify payment and identification information;
- 6 (d) Obey all laws in each issuing and receiving state relating to the times, days,
7 or other circumstances when alcoholic beverages may be sold or shipped in
8 that state;
- 9 (e) Not ship any product to a state if that state has banned the product;
- 10 (f) Follow all tax and fee collections and remittance processes as if located in
11 the place of receipt; and
- 12 (g) Meet any reciprocal permit requirements, if applicable.
- 13 (4) The holder of a shipping permit shall pay the annual fee required by Section 11
14 of this Act to ship distilled spirits or wine or shall pay the annual fee required by
15 Section 16 of this Act to ship malt beverages. A shipping permit holder that ships
16 both malt beverages and distilled spirits and wine shall only be required to pay
17 one (1) annual fee.
- 18 (5) A shipping permit shall not be required for any of the following Kentucky
19 licenses, for which the shipping privilege shall be a part of the license:
- 20 (a) Manufacturer;
- 21 (b) Wholesaler;
- 22 (c) Distributor;
- 23 (d) Package retailer; and
- 24 (e) Out-of-state supplier.
- 25 (6) This section shall supersede any conflicting statute in KRS Chapters 241 to 244.
- 26 (7) (a) The department shall promulgate administrative regulations designed to
27 reduce unlicensed deliveries and shipments of alcoholic beverages in the

1 Commonwealth. The holder of a shipping permit shall submit to the
2 department and the Department of Revenue a monthly report for that
3 shipping permit showing the total amount of alcoholic beverages shipped
4 into the state per consumer, the name and address of each consumer, and
5 the name and address of each common carrier.

6 (b) The department shall provide a list of all active shipping permit holders and
7 all active licensees listed in subsection (5) of this section to licensed
8 common carriers on a quarterly basis to reduce the number of unlicensed
9 shipments in the Commonwealth.

10 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
11 READ AS FOLLOWS:

12 (1) All persons located outside this state that have been given the privilege of selling
13 and shipping distilled spirits, wine, or malt beverages from outside this state
14 directly to a consumer in this state under Sections 1, 20, 21, 22, 23, 24, and 29 of
15 this Act shall pay an administrative and enforcement fee to the Department of
16 Revenue on a calendar quarter basis. The fee shall be in addition to any other
17 state or local taxes, fees, or licenses permitted by law.

18 (2) The fee shall be deposited in the general fund and may be used by the
19 Department of Revenue to offset the costs of any additional regulatory and
20 administrative costs to ensure that all license fees and taxes associated with
21 distilled spirits, wine, and malt beverages that are shipped directly from outside
22 this state to a consumer in this state have been properly paid.

23 (3) The fee shall be in an amount equal to fifteen percent (15%) of the gross receipts
24 derived from the sale of distilled spirits, wine, or malt beverages shipped during
25 the calendar quarter and shall be due no later than the twentieth day of the
26 month following the end of the calendar quarter.

27 (4) The Department of Revenue shall notify the board within thirty (30) days if a

1 *license or permit holder has failed to timely report and pay the administrative and*
2 *enforcement fee. Failure to pay the administrative and enforcement fee shall*
3 *result in the revocation of the privilege to ship distilled spirits, wine, or malt*
4 *beverages from out-of-state directly to a consumer in this state in accordance*
5 *with KRS 243.500.*

6 ➔Section 3. KRS 241.010 is amended to read as follows:

7 As used in KRS Chapters 241 to 244, unless the context requires otherwise:

- 8 (1) "Alcohol" means ethyl alcohol, hydrated oxide of ethyl or spirit of wine, from
9 whatever source or by whatever process it is produced;
- 10 (2) "Alcoholic beverage" means every liquid, solid, powder, or crystal, whether
11 patented or not, containing alcohol in an amount in excess of more than one percent
12 (1%) of alcohol by volume, which is fit for beverage purposes. It includes every
13 spurious or imitation liquor sold as, or under any name commonly used for,
14 alcoholic beverages, whether containing any alcohol or not. It does not include the
15 following products:
- 16 (a) Medicinal preparations manufactured in accordance with formulas prescribed
17 by the United States Pharmacopoeia, National Formulary, or the American
18 Institute of Homeopathy;
- 19 (b) Patented, patent, and proprietary medicines;
- 20 (c) Toilet, medicinal, and antiseptic preparations and solutions;
- 21 (d) Flavoring extracts and syrups;
- 22 (e) Denatured alcohol or denatured rum;
- 23 (f) Vinegar and preserved sweet cider;
- 24 (g) Wine for sacramental purposes; and
- 25 (h) Alcohol unfit for beverage purposes that is to be sold for legitimate external
26 use;
- 27 (3) (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine,

- 1 or process that mixes liquor, spirits, or any other alcohol product with pure
2 oxygen or by any other means produces a vaporized alcoholic product used for
3 human consumption;
- 4 (b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler,
5 nebulizer, atomizer, or other device that is designed and intended by the
6 manufacturer to dispense a prescribed or over-the-counter medication or a
7 device installed and used by a licensee under this chapter to demonstrate the
8 aroma of an alcoholic beverage;
- 9 (4) "Automobile race track" means a facility primarily used for vehicle racing that has a
10 seating capacity of at least thirty thousand (30,000) people;
- 11 (5) "Bed and breakfast" means a one (1) family dwelling unit that:
- 12 (a) Has guest rooms or suites used, rented, or hired out for occupancy or that are
13 occupied for sleeping purposes by persons not members of the single-family
14 unit;
- 15 (b) Holds a permit under KRS Chapter 219; and
- 16 (c) Has an innkeeper who resides on the premises or property adjacent to the
17 premises during periods of occupancy;
- 18 (6) "Board" means the State Alcoholic Beverage Control Board created by KRS
19 241.030;
- 20 (7) "Bottle" means any container which is used for holding alcoholic beverages for the
21 use and sale of alcoholic beverages at retail;
- 22 (8) "Brewer" means any person who manufactures malt beverages or owns, occupies,
23 carries on, works, or conducts any brewery, either alone or through an agent;
- 24 (9) "Brewery" means any place or premises where malt beverages are manufactured for
25 sale, and includes all offices, granaries, mash rooms, cooling rooms, vaults, yards,
26 and storerooms connected with the premises; or where any part of the process of the
27 manufacture of malt beverages is carried on; or where any apparatus connected with

1 manufacture is kept or used; or where any of the products of brewing or
2 fermentation are stored or kept;

3 (10) "Building containing licensed premises" means the licensed premises themselves
4 and includes the land, tract of land, or parking lot in which the premises are
5 contained, and any part of any building connected by direct access or by an entrance
6 which is under the ownership or control of the licensee by lease holdings or
7 ownership;

8 (11) "Caterer" means a person operating a food service business that prepares food in a
9 licensed and inspected commissary, transports the food and alcoholic beverages to
10 the caterer's designated and inspected banquet hall or to an agreed location, and
11 serves the food and alcoholic beverages pursuant to an agreement with another
12 person;

13 (12) "Charitable organization" means a nonprofit entity recognized as exempt from
14 federal taxation under section 501(c) of the Internal Revenue Code (26 U.S.C. sec.
15 501(c)) or any organization having been established and continuously operating
16 within the Commonwealth of Kentucky for charitable purposes for three (3) years
17 and which expends at least sixty percent (60%) of its gross revenue exclusively for
18 religious, educational, literary, civic, fraternal, or patriotic purposes;

19 (13) "Cider" means any fermented fruit-based beverage containing seven percent (7%) or
20 more alcohol by volume and includes hard cider and perry cider;

21 (14) "City administrator" means city alcoholic beverage control administrator;

22 (15) "Commercial airport" means an airport through which more than five hundred
23 thousand (500,000) passengers arrive or depart annually;

24 (16) "Commercial quadricycle" means a vehicle equipped with a minimum of ten (10)
25 pairs of fully operative pedals for propulsion by means of human muscular power
26 exclusively and which:

27 (a) Has four (4) wheels;

- 1 (b) Is operated in a manner similar to that of a bicycle;
- 2 (c) Is equipped with a minimum of thirteen (13) seats for passengers;
- 3 (d) Has a unibody design;
- 4 (e) Is equipped with a minimum of four (4) hydraulically operated brakes;
- 5 (f) Is used for commercial tour purposes; and
- 6 (g) Is operated by the vehicle owner or an employee of the owner;
- 7 (17) "Commissioner" means the commissioner of the Department of Alcoholic Beverage
- 8 Control;
- 9 (18) **"Consumer" means a person who purchases alcoholic beverages and who:**
- 10 **(a) Does not hold a license or permit issued by the department;**
- 11 **(b) Purchases the alcoholic beverages for personal consumption only;**
- 12 **(c) Is of lawful drinking age; and**
- 13 **(d) Receives the alcoholic beverages in territory where the alcoholic beverages**
- 14 **may be lawfully sold or received;**
- 15 **(19)** "Convention center" means any facility which, in its usual and customary business,
- 16 provides seating for a minimum of one thousand (1,000) people and offers
- 17 convention facilities and related services for seminars, training and educational
- 18 purposes, trade association meetings, conventions, or civic and community events
- 19 or for plays, theatrical productions, or cultural exhibitions;
- 20 **(20)**~~(19)~~ "Convicted" and "conviction" means a finding of guilt resulting from a plea of
- 21 guilty, the decision of a court, or the finding of a jury, irrespective of a
- 22 pronouncement of judgment or the suspension of the judgment;
- 23 **(21)**~~(20)~~ "County administrator" means county alcoholic beverage control
- 24 administrator;
- 25 **(22)**~~(21)~~ **"Deliver" means to transport alcoholic beverages by the package to a**
- 26 **consumer in Kentucky:**
- 27 **(a) From the licensed Kentucky premises of a manufacturer, wholesaler,**

1 distributor, or package retailer as a part of the privileges granted under a
2 manufacturer, wholesaler, distributor, or package retailer license;

3 (b) Only when the alcoholic beverage containers delivered to the consumer are
4 conspicuously labeled with the words "CONTAINS ALCOHOL:
5 SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR
6 DELIVERY"; and

7 (c) Through a common carrier, if desired by the delivering licensee. Delivery
8 shall not require the use of a common carrier;

9 (23) "Department" means the Department of Alcoholic Beverage Control;

10 (24)~~(22)~~ "Dining car" means a railroad passenger car that serves meals to consumers on
11 any railroad or Pullman car company;

12 (25)~~(23)~~ "Discount in the usual course of business" means price reductions, rebates,
13 refunds, and discounts given by wholesalers to distilled spirits and wine retailers
14 pursuant to an agreement made at the time of the sale of the merchandise involved
15 and are considered a part of the sales transaction, constituting reductions in price
16 pursuant to the terms of the sale, irrespective of whether the quantity discount was:

17 (a) Prorated and allowed on each delivery;

18 (b) Given in a lump sum after the entire quantity of merchandise purchased had
19 been delivered; or

20 (c) Based on dollar volume or on the quantity of merchandise purchased;

21 (26)~~(24)~~ "Distilled spirits" or "spirits" means any product capable of being consumed
22 by a human being which contains alcohol in excess of the amount permitted by
23 KRS Chapter 242 obtained by distilling, mixed with water or other substances in
24 solution, except wine, hard cider, and malt beverages;

25 (27)~~(25)~~ "Distiller" means any person who is engaged in the business of manufacturing
26 distilled spirits at any distillery in the state and is registered in the Office of the
27 Collector of Internal Revenue for the United States at Louisville, Kentucky;

1 ~~(28)~~~~(26)~~ "Distillery" means any place or premises where distilled spirits are
2 manufactured for sale, and which are registered in the office of any collector of
3 internal revenue for the United States. It includes any United States government
4 bonded warehouse;

5 ~~(29)~~~~(27)~~ "Distributor" means any person who distributes malt beverages for the
6 purpose of being sold at retail;

7 ~~(30)~~~~(28)~~ "Dry" means a territory in which a majority of the electorate voted to prohibit
8 all forms of retail alcohol sales through a local option election held under KRS
9 Chapter 242;

10 ~~(31)~~~~(29)~~ "Election" means:

11 (a) An election held for the purpose of taking the sense of the people as to the
12 application or discontinuance of alcoholic beverage sales under KRS Chapter
13 242; or

14 (b) Any other election not pertaining to alcohol;

15 ~~(32)~~~~(30)~~ "Horse racetrack" means a facility licensed to conduct a horse race meeting
16 under KRS Chapter 230;

17 ~~(33)~~~~(31)~~ "Hotel" means a hotel, motel, or inn for accommodation of the traveling
18 public, designed primarily to serve transient patrons;

19 ~~(34)~~~~(32)~~ "Investigator" means any employee or agent of the department who is
20 regularly employed and whose primary function is to travel from place to place for
21 the purpose of visiting licensees, and any employee or agent of the department who
22 is assigned, temporarily or permanently, by the commissioner to duty outside the
23 main office of the department at Frankfort, in connection with the administration of
24 alcoholic beverage statutes;

25 ~~(35)~~~~(33)~~ "License" means any license issued pursuant to KRS Chapters 241 to 244;

26 ~~(36)~~~~(34)~~ "Licensee" means any person to whom a license has been issued, pursuant to
27 KRS Chapters 241 to 244;

1 ~~(37)~~~~(35)~~ "Limited restaurant" means:

2 (a) A facility where the usual and customary business is the preparation and
3 serving of meals to consumers, which has a bona fide kitchen facility, which
4 receives at least seventy percent (70%) of its food and alcoholic beverage
5 receipts from the sale of food, which maintains a minimum seating capacity of
6 fifty (50) persons for dining, which has no open bar, which requires that
7 alcoholic beverages be sold in conjunction with the sale of a meal, and which
8 is located in a wet or moist territory under KRS 242.1244; or

9 (b) A facility where the usual and customary business is the preparation and
10 serving of meals to consumers, which has a bona fide kitchen facility, which
11 receives at least seventy percent (70%) of its food and alcoholic beverage
12 receipts from the sale of food, which maintains a minimum seating capacity of
13 one hundred (100) persons of dining, and which is located in a wet or moist
14 territory under KRS 242.1244;

15 ~~(38)~~~~(36)~~ "Local administrator" means a city alcoholic beverage administrator, county
16 alcoholic beverage administrator, or urban-county alcoholic beverage control
17 administrator;

18 ~~(39)~~~~(37)~~ "Malt beverage" means any fermented undistilled alcoholic beverage of any
19 name or description, manufactured from malt wholly or in part, or from any
20 substitute for malt, and includes weak cider;

21 ~~(40)~~~~(38)~~ "Manufacture" means distill, rectify, brew, bottle, and operate a winery;

22 ~~(41)~~~~(39)~~ "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other
23 person engaged in the production or bottling of alcoholic beverages;

24 ~~(42)~~~~(40)~~ "Minor" means any person who is not twenty-one (21) years of age or older;

25 ~~(43)~~~~(41)~~ "Moist" means a territory in which a majority of the electorate voted to permit
26 limited alcohol sales by any one (1) or a combination of special limited local option
27 elections authorized by KRS 242.022, 242.123, 242.1238, 242.124, 242.1242,

1 242.1243, 242.1244, or 242.1292;

2 ~~(44)~~~~(42)~~ "Population" means the population figures established by the federal decennial
3 census for a census year or the current yearly population estimates prepared by the
4 Kentucky State Data Center, Urban Studies Center of the University of Louisville,
5 Louisville, Kentucky, for all other years;

6 ~~(45)~~~~(43)~~ "Premises" means the land and building in and upon which any business
7 regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall
8 not include as a single unit two (2) or more separate businesses of one (1) owner on
9 the same lot or tract of land, in the same or in different buildings if physical and
10 permanent separation of the premises is maintained, excluding employee access by
11 keyed entry and emergency exits equipped with crash bars, and each has a separate
12 public entrance accessible directly from the sidewalk or parking lot. Any licensee
13 holding an alcoholic beverage license on July 15, 1998, shall not, by reason of this
14 subsection, be ineligible to continue to hold his or her license or obtain a renewal,
15 of the license;

16 ~~(46)~~~~(44)~~ "Primary source of supply" or "supplier" means the distiller, winery, brewer,
17 producer, owner of the commodity at the time it becomes a marketable product,
18 bottler, or authorized agent of the brand owner. In the case of imported products, the
19 primary source of supply means either the foreign producer, owner, bottler, or agent
20 of the prime importer from, or the exclusive agent in, the United States of the
21 foreign distiller, producer, bottler, or owner;

22 ~~(47)~~~~(45)~~ "Private club" means a nonprofit social, fraternal, military, or political
23 organization, club, or entity maintaining or operating a club room, club rooms, or
24 premises from which the general public is excluded;

25 ~~(48)~~~~(46)~~ "Public nuisance" means a condition that endangers safety or health, is
26 offensive to the senses, or obstructs the free use of property so as to interfere with
27 the comfortable enjoyment of life or property by a community or neighborhood or

1 by any considerable number of persons;

2 ~~(49)~~~~(47)~~ "Qualified historic site" means:

3 (a) A contributing property with dining facilities for at least fifty (50) persons at
4 tables, booths, or bars where food may be served within a commercial district
5 listed in the National Register of Historic Places;

6 (b) A site that is listed as a National Historic Landmark or in the National
7 Register of Historic Places with dining facilities for at least fifty (50) persons
8 at tables, booths, or bars where food may be served;

9 (c) A distillery which is listed as a National Historic Landmark and which
10 conducts souvenir retail package sales under KRS 243.0305; or

11 (d) A not-for-profit or nonprofit facility listed on the National Register of Historic
12 Places;

13 ~~(50)~~~~(48)~~ "Rectifier" means any person who rectifies, purifies, or refines distilled spirits
14 or wine by any process other than as provided for on distillery premises, and every
15 person who, without rectifying, purifying, or refining distilled spirits by mixing
16 alcoholic beverages with any materials, manufactures any imitations of or
17 compounds liquors for sale under the name of whiskey, brandy, gin, rum, wine,
18 spirits, cordials, bitters, or any other name;

19 ~~(51)~~~~(49)~~ "Repackaging" means the placing of alcoholic beverages in any retail
20 container irrespective of the material from which the container is made;

21 ~~(52)~~~~(50)~~ "Restaurant" means a facility where the usual and customary business is the
22 preparation and serving of meals to consumers, that has a bona fide kitchen facility,
23 and that receives at least fifty percent (50%) of its food and alcoholic beverage
24 receipts from the sale of food at the premises;

25 ~~(53)~~~~(51)~~ "Retail container" means any bottle, can, barrel, or other container which,
26 without a separable intermediate container, holds alcoholic beverages and is
27 suitable and destined for sale to a retail outlet, whether it is suitable for delivery or

1 shipment to the consumer or not;

2 ~~(54)~~~~(52)~~ "Retail sale" means any sale of alcoholic beverages, including those
3 transactions taking place in person, electronically, online, or by telephone, where
4 the purchase of alcoholic beverages is lawful by~~delivery is made in Kentucky to~~
5 any consumer~~consumers~~;

6 ~~(55)~~~~(53)~~ "Retailer" means any licensee who sells, ships, and delivers any alcoholic
7 beverage to consumers, except for producers with limited retail sale privileges;

8 ~~(56)~~~~(54)~~ "Riverboat" means any boat or vessel with a regular place of mooring in this
9 state that is licensed by the United States Coast Guard to carry one hundred (100) or
10 more passengers for hire on navigable waters in or adjacent to this state;

11 ~~(57)~~~~(55)~~ "Sale" means any transfer, exchange, or barter for consideration, and includes
12 all sales made by any person, whether principal, proprietor, agent, servant, or
13 employee, of any alcoholic beverage;

14 ~~(58)~~~~(56)~~ "Service bar" means a bar, counter, shelving, or similar structure used for
15 storing or stocking supplies of alcoholic beverages that is a workstation where
16 employees prepare alcoholic beverage drinks to be provided~~delivered~~ to customers
17 away from the service bar;

18 ~~(59)~~~~(57)~~ "Sell" includes solicit or receive an order for, keep or expose for sale, keep
19 with intent to sell, and the delivery or shipment of any alcoholic beverage;

20 ~~(60)~~ "Ship" or "shipping" means to lawfully transport alcoholic beverages by the
21 package to a consumer when the consumer is located in a state other than the
22 state containing the authorized shipper's licensed premises. Shipping shall only
23 be conducted through a licensed common carrier by an authorized Kentucky
24 licensee or a shipping permit holder;

25 ~~(61)~~~~(58)~~ "Small farm winery" means a winery whose wine production is not less than
26 two hundred fifty (250) gallons and not greater than one hundred thousand
27 (100,000) gallons in a calendar year;

1 ~~(62)~~~~(59)~~ "Souvenir package" means a special package of distilled spirits available from
2 a licensed retailer that is:

- 3 (a) Available for retail sale at a licensed Kentucky distillery where the distilled
4 spirits were produced or bottled; or
5 (b) Available for retail sale at a licensed Kentucky distillery but produced or
6 bottled at another of that distiller's licensed distilleries in Kentucky;

7 ~~(63)~~~~(60)~~ "State administrator" or "administrator" means the distilled spirits
8 administrator or the malt beverages administrator, or both, as the context requires;

9 ~~(64)~~~~(61)~~ "State park" means a state park that has a:

- 10 (a) Nine (9) or eighteen (18) hole golf course; or
11 (b) Full-service lodge and dining room;

12 ~~(65)~~~~(62)~~ "Supplemental bar" means a bar, counter, shelving, or similar structure used
13 for serving and selling distilled spirits or wine by the drink for consumption on the
14 licensed premises to guests and patrons from additional locations other than the
15 main bar;

16 ~~(66)~~~~(63)~~ "Territory" means a county, city, district, or precinct;

17 ~~(67)~~~~(64)~~ "Urban-county administrator" means an urban-county alcoholic beverage
18 control administrator;

19 ~~(68)~~~~(65)~~ "Vehicle" means any device or animal used to carry, convey, transport, or
20 otherwise move alcoholic beverages or any products, equipment, or appurtenances
21 used to manufacture, bottle, or sell these beverages;

22 ~~(69)~~~~(66)~~ "Vintage distilled spirit" means a package or packages of distilled spirits that:

- 23 (a) Are in their original manufacturer's unopened container;
24 (b) Are not owned by a distillery; and
25 (c) Are not otherwise available for purchase from a licensed wholesaler within
26 the Commonwealth;

27 ~~(70)~~~~(67)~~ "Warehouse" means any place in which alcoholic beverages are housed or

1 stored;

2 ~~(71)~~~~((68))~~ "Weak cider" means any fermented fruit-based beverage containing more than
3 one percent (1%) but less than seven percent (7%) alcohol by volume;

4 ~~(72)~~~~((69))~~ "Wet" means a territory in which a majority of the electorate voted to permit
5 all forms of retail alcohol sales by a local option election under KRS 242.050 or
6 242.125 on the following question: "Are you in favor of the sale of alcoholic
7 beverages in (name of territory)?";

8 ~~(73)~~~~((70))~~ "Wholesale sale" means a sale to any person for the purpose of resale;

9 ~~(74)~~~~((71))~~ "Wholesaler" means any person who distributes alcoholic beverages for the
10 purpose of being sold at retail, but it shall not include a subsidiary of a manufacturer
11 or cooperative of a retail outlet;

12 ~~(75)~~~~((72))~~ "Wine" means the product of the normal alcoholic fermentation of the juices
13 of fruits, with the usual processes of manufacture and normal additions, and
14 includes champagne and sparkling and fortified wine of an alcoholic content not to
15 exceed twenty-four percent (24%) by volume. It includes sake, cider, hard cider, and
16 perry cider and also includes preparations or mixtures vended in retail containers if
17 these preparations or mixtures contain not more than fifteen percent (15%) of
18 alcohol by volume. It does not include weak cider; and

19 ~~(76)~~~~((73))~~ "Winery" means any place or premises in which wine is manufactured from
20 any fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials
21 are compounded, except a place or premises that manufactures wine for sacramental
22 purposes exclusively.

23 ➔Section 4. KRS 242.250 is amended to read as follows:

24 (1) No person, while representing either the buyer or seller ***in dry territory***, shall
25 ***negotiate or complete sales agreements for alcoholic beverages or*** distribute
26 ***advertising materials relating to***~~[, solicit, or receive contracts, proposals, or orders~~
27 ~~for the purchase or sale of any]~~ alcoholic beverages~~[, or distribute any handbills or~~

1 posters advertising them in dry territory].

2 (2) Each act[of distributing, soliciting, or receiving contracts, proposals, or orders as
3 denounced] in **violation of** subsection (1) **of this section**, and each day in which
4 advertising **materials are**[matter is] distributed, shall constitute a separate offense.

5 (3) **A manufacturer, distributor, or wholesaler, either by itself or through an agent,**
6 **may negotiate or complete sales agreements in any territory, if the alcoholic**
7 **beverages are either delivered into territory in the same state or**[This chapter shall
8 not prevent any manufacturer of or wholesale dealer in alcoholic beverages, or any
9 authorized agent of either from making contracts of barrel, case, or package lots in
10 any dry or moist territory, if his or her distilleries, breweries, wineries, or
11 warehouses are located in that territory and his or her products are to be] shipped
12 into territory **in another**[, either within or without the] state[,], where alcoholic
13 beverages may lawfully be sold **or received**.

14 (4) Subsections (1) and (2) of this section shall also apply to moist territory unless the
15 sale of **those**[the] alcoholic **beverages**[beverage in question] has been specifically
16 authorized in that moist territory under a limited local option election.

17 (5) No properly licensed common carrier or any of its employees acting on behalf of a
18 consignor shall be liable for a violation of this section.

19 (6) Proof that the **consumer**[purchaser] represented in writing that the delivery address
20 is located in[wet] territory **where the consumer may lawfully receive the alcoholic**
21 **beverages** shall be an absolute defense to a violation of this section on behalf of **an**
22 **authorized Kentucky licensee or a shipping permit holder**[a retailer, winery, small
23 farm winery, or distillery] in connection with the delivery or shipment of alcoholic
24 beverages purchased at retail.

25 ➔Section 5. KRS 242.260 is amended to read as follows:

26 (1) It shall be unlawful for any person to bring into, transfer to another, deliver, **ship**, or
27 distribute in any dry or moist territory, except as provided in

- 1 subsections~~[subsection]~~ (2) and (5) of this section, any alcoholic beverage,
2 regardless of its name. Each package of alcoholic beverages~~[such beverage so]~~
3 brought, transferred, or delivered in that~~[such]~~ territory shall constitute a separate
4 offense. Nothing in this section shall be construed to prevent any distiller or
5 manufacturer or any authorized agent of a distiller, manufacturer, distributor, or
6 wholesaler~~[wholesale dealer]~~ from transporting or causing to be transported by a
7 licensed carrier any alcoholic beverages~~[beverage]~~ to their distilleries, breweries,
8 wineries, or warehouses where the sale of the alcoholic beverages~~[such beverage]~~
9 may be lawful, either in or out of the state.
- 10 (2) Subsection (1) of this section shall also apply to any moist territory unless the sale
11 of the alcoholic beverages~~[beverage in question]~~ has been specifically authorized in
12 that moist territory under a limited local option election.
- 13 (3) No properly licensed common carrier or any of its employees acting on behalf of a
14 consignor shall be liable for a violation of this section.
- 15 (4) Proof that the consumer~~[purchaser]~~ represented in writing that the delivery address
16 is located in~~[wet]~~ territory where the consumer may lawfully receive the alcoholic
17 beverages shall be an absolute defense to a violation of this section on behalf of an
18 authorized Kentucky licensee or a shipping permit holder~~[a retailer, winery, small~~
19 ~~farm winery, or distillery]~~ in connection with the delivery or shipment of alcoholic
20 beverages purchased at retail.
- 21 (5) It shall not be a violation of this section for a person to bring alcoholic beverages
22 that were lawfully purchased in wet or moist territory into dry or moist territory to a
23 private residence, or to a private event regardless of whether the venue is a public
24 place, for personal consumption or consumption by others so long as the possession,
25 consumption, or provision does not occur at a public place in violation of KRS
26 Chapter 222. For purposes of this subsection, an event is public, not private, if any
27 member of the public is permitted to enter or attend the event upon payment of

1 consideration.

2 ➔Section 6. KRS 242.270 is amended to read as follows:

- 3 (1) No person shall sell or deliver any alcoholic beverages that are to be paid for on
4 delivery, in dry territory.
- 5 (2) Such transactions shall be deemed sales at the place where the money is paid or the
6 goods delivered.
- 7 (3) This section shall also apply to the sale or delivery of any alcoholic beverages that
8 are to be paid for on delivery in moist territory unless the sale of ~~those~~~~the~~
9 alcoholic beverages~~beverage in question~~ has been specifically authorized in that
10 moist territory under a limited local option election.
- 11 (4) No properly licensed common carrier or any of its employees acting on behalf of a
12 consignor shall be liable for a violation of this section.
- 13 (5) Proof that the consumer~~purchaser~~ represented in writing that the delivery address
14 is located in~~wet~~ territory where the consumer may lawfully receive the alcoholic
15 beverages shall be an absolute defense to a violation of this section on behalf of an
16 authorized Kentucky licensee or a shipping permit holder~~a retailer, winery, small~~
17 ~~farm winery, or distillery~~ in connection with the delivery or shipment of alcoholic
18 beverages purchased at retail.

19 ➔Section 7. KRS 242.280 is amended to read as follows:

- 20 (1) Except as authorized by KRS Chapters 241 to 244, it shall be unlawful for any
21 person of dry territory to receive or accept any alcoholic beverage from a common
22 carrier or from any person who has transported the beverage in or into ~~that~~~~such~~
23 territory for compensation, hire, or profit~~of any kind whatsoever either directly or~~
24 ~~indirectly~~. Each~~and every~~ package of these received or accepted~~said~~ alcoholic
25 beverages~~beverage so received or accepted~~ shall constitute a separate offense.
26 Nothing in this section shall be construed to prevent any distiller or manufacturer of
27 alcoholic beverages or any authorized agent of a distiller~~or~~ manufacturer~~or~~ or

1 wholesaler~~[wholesale dealer]~~ from receiving or accepting any alcoholic beverages
 2 which are to be sold or received in a territory where the sale or receipt of the
 3 alcoholic~~[such]~~ beverages may be lawful either in or out of the state.

4 (2) Subsection (1) of this section shall apply to any sales in moist territory unless the
 5 sale of those~~[the]~~ alcoholic beverages~~[beverage in question]~~ has been specifically
 6 authorized in that moist territory under a limited local option election.

7 ➔Section 8. KRS 242.290 is amended to read as follows:

8 KRS 242.260 and 242.280 shall not apply to:

9 (1) The transportation of alcoholic beverages through dry or moist territory to a point in
 10 some other state;~~[, or]~~

11 (2) The transportation of alcoholic beverages to a point in this state where alcoholic
 12 beverages may be lawfully sold or received; and~~[or to]~~

13 (3) The receipt or acceptance by a common carrier from a manufacturer for
 14 transportation to a point in another state or to a point in this state where alcoholic
 15 beverages may lawfully be sold or received.

16 ➔Section 9. KRS 242.300 is amended to read as follows:

17 The normal restrictions applicable in dry territory shall not apply to any manufacturer
 18 who in good faith and in the usual course of trade sells alcoholic beverages of the
 19 manufacturer's own make, at his or her manufactory, in quantities of not less than three

20 (3) gallons delivered at one time for immediate transportation~~[,]~~ to a point in~~some other~~
 21 state, ~~or to a point in~~ this state or shipped at one time for immediate transportation to a
 22 point in a different state where alcoholic beverages may be lawfully sold or received.

23 ➔Section 10. KRS 243.020 is amended to read as follows:

24 (1) A person shall not do any act authorized by any kind of license with respect to the
 25 manufacture, storage, sale, purchase, transporting, or other traffic in alcoholic
 26 beverages unless the person holds or is an independent contractor, agent, servant,
 27 or employee of a person who holds the kind of license that authorizes the act.

1 (2) The holding of any permit from the United States government to traffic in alcoholic
2 beverages without the corresponding requisite state and local licenses shall in all
3 cases raise a rebuttable presumption that the holder of the United States permit is
4 unlawfully trafficking in alcoholic beverages.

5 (3) Except as permitted by KRS 243.033, 243.036, 243.155, 243.157, and 243.260, a
6 person, conducting a place of business patronized by the public, who is not a
7 licensee authorized to sell alcoholic beverages, shall not permit any person to sell,
8 barter, loan, give away, or drink alcoholic beverages on the premises of the place of
9 business.

10 (4) A licensee shall not permit any consumer to possess, give away, or drink alcoholic
11 beverages on the licensed premises that are not purchased from the licensee.

12 (5) Any distilled spirits or wine in excess of three (3) gallons (twelve (12) liters) shall
13 not be stored or kept except upon the licensed premises of a licensee.

14 (6) In a moist territory, the only types of licenses that may be issued are those that
15 directly correspond with the types of sales approved by the voters through moist
16 elections within the territory, unless otherwise specifically authorized by statute.

17 ➔Section 11. KRS 243.030 is amended to read as follows:

18 The following licenses that authorize traffic in distilled spirits and wine may be issued by
19 the distilled spirits administrator. Licenses that authorize traffic in all alcoholic beverages
20 may be issued by both the distilled spirits administrator and malt beverages administrator.

21 The licenses and their accompanying fees are as follows:

22 (1) Distiller's license:

- 23 (a) Class A, per annum\$3,090.00
- 24 (b) Class B (craft distillery), per annum\$1,000.00

25 (2) Rectifier's license:

- 26 (a) Class A, per annum\$2,580.00
- 27 (b) Class B (craft rectifier), per annum\$825.00

1	(3) Winery license, per annum	\$1,030.00
2	(4) Small farm winery license, per annum	\$110.00
3	(a) Small farm winery off-premises retail license, per annum	\$30.00
4	(5) Wholesaler's license, per annum	\$2,060.00
5	(6) Quota retail package license, per annum.....	\$570.00
6	(7) Quota retail drink license, per annum	\$620.00
7	(8) Transporter's license, per annum	\$210.00
8	(9) Special nonbeverage alcohol license, per annum	\$60.00
9	(10) Special agent's or solicitor's license, per annum	\$30.00
10	(11) Bottling house or bottling house storage license,	
11	per annum	\$1,030.00
12	(12) Special temporary license, per event	\$100.00
13	(13) Special Sunday retail drink license, per annum	\$520.00
14	(14) Caterer's license, per annum	\$830.00
15	(15) Special temporary alcoholic beverage	
16	auction license, per event	\$100.00
17	(16) Extended hours supplemental license, per annum	\$2,060.00
18	(17) Hotel in-room license, per annum	\$210.00
19	(18) Air transporter license, per annum	\$520.00
20	(19) Sampling license, per annum	\$110.00
21	(20) Replacement or duplicate license	\$25.00
22	(21) Entertainment destination center license:	
23	(a) When the licensee is a city, county, urban-county government, consolidated	
24	local government, charter county government, or unified	
25	local government, per annum	\$2,577.00
26	(b) All other licensees, per annum	\$7,730.00
27	(22) Limited restaurant license, per annum	\$780.00

1	(23) Limited golf course license, per annum	\$720.00
2	(24) Small farm winery wholesaler's license, per annum	\$110.00
3	(25) Qualified historic site license, per annum	\$1,030.00
4	(26) Nonquota type 1 license, per annum	\$4,120.00
5	(27) Nonquota type 2 license, per annum	\$830.00
6	(28) Nonquota type 3 license, per annum	\$310.00
7	(29) Distilled spirits and wine storage license, per annum	\$620.00
8	(30) Out-of-state [distilled spirits and wine] supplier's license,	
9	per annum	<u>\$500.00</u> [\$1,550.00]
10	(31) [Limited out of state distilled spirits and	
11	wine supplier's license, per annum	\$260.00
12	(32)] Authorized public consumption license, per annum	\$250.00
13	<u>(32) Shipping permit, per annum.....</u>	<u>\$100.00</u>

14 (33) A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new
 15 transitional license pursuant to KRS 243.045.

16 (34) Other special licenses the board finds necessary for the proper regulation and
 17 control of the traffic in distilled spirits and wine and provides for by administrative
 18 regulation. In establishing the amount of license taxes that are required to be fixed
 19 by the board, it shall have regard for the value of the privilege granted.

20 (35) The fee for each of the first five (5) supplemental bar licenses shall be the same as
 21 the fee for the primary retail drink license. There shall be no charge for each
 22 supplemental license issued in excess of five (5) to the same licensee at the same
 23 premises.

24 A nonrefundable application fee of fifty dollars (\$50) shall be charged to process each
 25 new application under this section, except for subsections (4), (8), (9), (10), (12), (15),
 26 (19), and (20) of this section. The application fee shall be applied to the licensing fee if
 27 the license is issued; otherwise it shall be retained by the department.

1 ➔Section 12. KRS 243.0305 is amended to read as follows:

2 (1) Any licensed Kentucky distiller that is located in wet territory or in any precinct that
3 has authorized the limited sale of alcoholic beverages at distilleries under KRS
4 242.1243 and that has a gift shop or other retail outlet on its premises may conduct
5 the activities permitted under this section as a part of its distiller's license.

6 (2) For purposes of all retail drink and package sales under this section, a wholesaler
7 registered to distribute the brands of any distiller shall permit the distiller to
8 move~~deliver~~ its products directly from the distillery proper to any portion of the
9 distillery premises. However, for purposes of all retail drink and package sales by
10 distillers under subsections (3), (8), and (9) of this section, all direct shipments shall
11 be invoiced from the distiller to the wholesaler and from the wholesaler to the
12 distiller, and all products directly shipped shall be included in the wholesaler's
13 inventory and depletions for purposes of tax collections imposed pursuant to KRS
14 243.710 to 243.895 and 243.990.

15 (3) A distiller may sell souvenir packages at retail ~~to~~

16 ~~(a)~~ ~~to~~ consumers~~[distillery visitors]~~ of legal drinking age, in quantities not to
17 exceed an aggregate of four and one-half (4-1/2) liters per
18 consumer~~[purchaser]~~ per day for sales prior to January 1, 2021, and in
19 quantities not to exceed an aggregate of nine (9) liters per
20 consumer~~[purchaser]~~ per day on and after January 1, 2021. At the
21 consumer's~~[purchaser's]~~ request, an order may be delivered or shipped~~[~~
22 ~~directly]~~ to the consumer~~[purchaser]~~. All deliveries shall be made by a
23 licensee authorized to make the deliveries. All~~[or]~~ shipments shall be made
24 through a licensed common carrier authorized to ~~deliver or~~ ship distilled
25 spirits in the jurisdiction to which the products will be ~~delivered or~~ shipped~~;~~
26 and

27 ~~(b) Pursuant to subscription or distillery sponsored club programs, in quantities~~

1 ~~not to exceed an aggregate of nine (9) liters per calendar year, provided that~~
2 ~~the enrollment and payment for the subscription or club is arranged in person~~
3 ~~at the distillery. At the member's request, an order may be delivered or~~
4 ~~shipped directly to the member. All deliveries or shipments shall be made~~
5 ~~through a licensed common carrier authorized to deliver or ship distilled~~
6 ~~spirits in the jurisdiction to which the products will be delivered or shipped].~~

7 (4) Hours of sale for souvenir packages at retail shall be in conformity with KRS
8 244.290(3).

9 (5) Except as provided in this section, souvenir package sales shall be governed by all
10 the statutes and administrative regulations governing the retail sale of distilled
11 spirits by the package.

12 (6) No wholesaler may restrict the sale of souvenir packages to the distiller of origin
13 exclusively, but shall make souvenir packages available to any Kentucky retail
14 licensee licensed for the sale of distilled spirits by the package.

15 (7) Notwithstanding any provision of KRS 244.050 to the contrary, a distillery holding
16 a sampling license may allow visitors to sample distilled spirits under the following
17 conditions:

18 (a) Sampling shall be permitted only on the licensed premises during regular
19 business hours;

20 (b) A distillery shall not charge for the samples; and

21 (c) A distillery shall not provide more than one and three-fourths (1-3/4) ounces
22 of samples per visitor per day.

23 (8) Notwithstanding the provisions of KRS 243.110, in accordance with this section, a
24 distillery located in wet territory or in any territory that has authorized the limited
25 sale of alcoholic beverages under an election held pursuant to KRS 242.1243 may:

26 (a) Hold an NQ2 retail drink license for the sale of alcoholic beverages on the
27 distillery premises; and

1 (b) Employ persons to engage in the sale or service of alcohol under an NQ2
2 license, if each employee completes the department's Server Training in
3 Alcohol Regulations program within thirty (30) days of beginning
4 employment.

5 (9) A distiller may sell to consumers at fairs, festivals, and other similar types of events
6 located in wet territory alcoholic beverages by the drink, containing spirits distilled
7 or bottled on the premises of the distillery.

8 (10) Except as expressly stated in this section, this section does not exempt the holder of
9 a distiller's license from:

10 (a) The provisions of KRS Chapters 241 to 244;

11 (b) The administrative regulations of the board; and

12 (c) Regulation by the board at all the distiller's licensed premises.

13 (11) Nothing in this section shall be construed to vitiate the policy of this
14 Commonwealth supporting an orderly three (3) tier system for the production and
15 sale of alcoholic beverages.

16 ➔Section 13. KRS 243.033 is amended to read as follows:

17 (1) A caterer's license may be issued as a supplementary license to a caterer that holds a
18 quota retail package license, a quota retail drink license, an NQ1 license, an NQ2
19 license, or a limited restaurant license.

20 (2) The caterer's license may be issued as a primary license to a caterer in any wet
21 territory or in any moist territory under KRS 242.1244 for the premises that serves
22 as the caterer's commissary and designated banquet hall. No primary caterer's
23 license shall authorize alcoholic beverage sales at a premises that operates as a
24 restaurant. The alcoholic beverage stock of the caterer shall be kept under lock and
25 key at the licensed premises during the time that the alcoholic beverages are not
26 being used in conjunction with a catered function.

27 (3) The caterer's license shall authorize the caterer to:

- 1 (a) Purchase and store alcoholic beverages in the manner prescribed in KRS
2 243.088, 243.250, and 244.260;
- 3 (b) Transport, sell, and serve~~, and deliver~~ alcoholic beverages by the drink at
4 locations away from the licensed premises or at the caterer's designated
5 banquet hall in conjunction with the catering of food and alcoholic beverages
6 for a customer and the customer's guests, in:
- 7 1. Cities and counties established as moist territory under KRS 242.1244 if
8 the receipts from the catering of food at any catered event are at least
9 seventy percent (70%) of the gross receipts from the catering of both
10 food and alcoholic beverages;
- 11 2. Wet cities and counties in which quota retail drink licenses are not
12 available if the receipts from the catering of food at any catered event
13 are at least fifty percent (50%) of the gross receipts from the catering of
14 both food and alcoholic beverages; or
- 15 3. All other wet territory if the receipts from the catering of food at any
16 catered event are at least thirty-five percent (35%) of the gross receipts
17 from the catering of both food and alcoholic beverages;
- 18 (c) Receive and fill telephone orders for alcoholic beverages in conjunction with
19 the ordering of food for a catered event; and
- 20 (d) Receive payment for alcoholic beverages served at a catered event on a by-
21 the-drink, cash bar, or by-the-event basis. The caterer may bill the customer
22 for by-the-function sales of alcoholic beverages in the usual course of the
23 caterer's business.
- 24 (4) A caterer licensee shall not cater alcoholic beverages at locations for which retail
25 alcoholic beverage licenses or special temporary licenses have been issued. A
26 caterer licensee may cater a fundraising event for which a special temporary
27 alcoholic beverage auction license has been issued under KRS 243.036.

- 1 (5) A caterer licensee shall not cater alcoholic beverages on Sunday except in territory
2 in which the Sunday sale of alcoholic beverages is permitted under the provisions of
3 KRS 244.290 and 244.480.
- 4 (6) A caterer licensee shall not cater alcoholic beverages at an event hosted by the
5 caterer licensee or hosted as a joint venture of the caterer licensee.
- 6 (7) The location at which alcoholic beverages are sold~~[,]~~ **and** served~~[, and delivered]~~ by
7 a caterer, pursuant to this section, shall not constitute a public place for the purpose
8 of KRS Chapter 222. If the location is a multi-unit structure, only the unit or units at
9 which the function being catered is held shall be excluded from the public place
10 provisions of KRS Chapter 222.
- 11 (8) The caterer licensee shall post a copy of the licensee's caterer's license at the
12 location of the function for which alcoholic beverages are catered.
- 13 (9) All restrictions and prohibitions applying to a quota retail drink licensee and an
14 NQ4 retail malt beverage drink licensee not inconsistent with this section shall
15 apply to the caterer licensee.
- 16 (10) The caterer licensee shall maintain records as set forth in KRS 244.150 and in
17 administrative regulations promulgated by the board.
- 18 (11) Notwithstanding subsection (3)(b) of this section, a caterer may serve alcoholic
19 beverages to guests who are twenty-one (21) years of age or older at a private event
20 in dry territory if:
- 21 (a) The alcoholic beverages were lawfully purchased in a wet or moist territory:
- 22 1. By an individual; or
- 23 2. At the caterer's licensed premises in wet or moist territory; and
- 24 (b) The alcoholic beverages are not sold in dry territory to guests at the private
25 residence or private event regardless of whether the venue is a public place.
- 26 ➔Section 14. KRS 243.034 is amended to read as follows:
- 27 (1) A limited restaurant license may be issued to an establishment meeting the

1 definition criteria established in KRS 241.010~~(37)~~~~[(35)]~~ as long as the
2 establishment is within:

3 (a) Any wet territory; or

4 (b) Any moist precinct that has authorized the sale of alcoholic beverages under
5 KRS 242.1244.

6 (2) A limited restaurant license shall authorize the licensee to purchase, receive,
7 possess, and sell alcoholic beverages at retail by the drink for consumption on the
8 licensed premises. The licensee shall purchase alcoholic beverages only from
9 licensed wholesalers or distributors. The license shall not authorize the licensee to
10 sell alcoholic beverages by the package.

11 (3) The holder of a limited restaurant license shall maintain at least seventy percent
12 (70%) of its gross receipts from the sale of food and maintain the minimum
13 applicable seating requirement required for the type of limited restaurant license.

14 (4) A limited restaurant as defined by KRS 241.010~~(37)~~~~(a)~~~~[(35)(a)]~~ shall:

15 (a) Only sell alcoholic beverages incidental to the sale of a meal; and

16 (b) Not have an open bar and shall not sell alcoholic beverages to any person who
17 has not purchased or does not purchase a meal.

18 ➔Section 15. KRS 243.0341 is amended to read as follows:

19 (1) Notwithstanding any other provision of law, any city or county that conducted an
20 election under KRS 242.1244(2) prior to January 1, 2016, for by the drink sales of
21 alcoholic beverages in restaurants and dining facilities seating one hundred (100)
22 persons or more or any city with limited sale precincts created pursuant to KRS
23 242.1292 may elect to act under this section.

24 (2) Upon a determination by the legislative body of a city or county that:

25 (a) An economic hardship exists within the city or county; and

26 (b) Expanded sales of alcoholic beverages by the drink could aid in economic
27 growth;

1 the city or county may, after conducting a public hearing that is noticed to the public
2 in accordance with the KRS Chapter 424, adopt an ordinance authorizing by the
3 drink sales of alcoholic beverages in restaurants and dining facilities containing
4 seating for at least fifty (50) persons and meeting the requirements of subsection (3)
5 of this section.

6 (3) The ordinance enacted by a city or county pursuant to subsection (2) of this section
7 shall authorize the sale of alcoholic beverages under the following limitations:

8 (a) Sales shall only be conducted in restaurants and other dining facilities meeting
9 the requirements of KRS 241.010(37)(a)~~[(35)(a)]~~; and

10 (b) The provisions of KRS 243.034 shall apply to any restaurant or dining facility
11 operating under a license issued pursuant to this section.

12 (4) A city or county acting under this section may allow limited restaurant sales as
13 defined in KRS 241.010(37)~~[(35)]~~.

14 (5) The enactment of an ordinance under this section shall not:

15 (a) Modify the city's or county's ability to issue a limited restaurant license to
16 restaurants or other dining facilities meeting the requirements of KRS
17 241.010(37)(b)~~[(35)(b)]~~; or

18 (b) Affect, alter, or otherwise impair any license previously issued to a restaurant
19 or dining facility meeting the requirements of KRS 241.010(37)(b)~~[(35)(b)]~~.

20 ➔Section 16. KRS 243.040 is amended to read as follows:

21 The following kinds of malt beverage licenses may be issued by the malt beverages
22 administrator, the fees for which shall be:

- 23 (1) Brewer's license, per annum\$2,580.00
- 24 (2) Microbrewery license, per annum\$520.00
- 25 (3) Distributor's license, per annum\$520.00
- 26 (4) Nonquota retail malt beverage package license, per annum\$210.00
- 27 (5) Out-of-state~~[- malt beverage]~~ supplier's license,

1	per annum	\$1,550.00
2	(6) Malt beverage storage license, per annum	\$260.00
3	(7) Replacement or duplicate license, per annum	\$25.00
4	(8) Limited out of state malt beverage supplier's license,	
5	per annum	\$260.00
6	(9) Nonquota type 4 malt beverage drink license,	
7	per annum	\$210.00
8	<u>(9) Shipping permit, per annum.....</u>	<u>\$100.00</u>

9 (10) The holder of a nonquota retail malt beverage package license may obtain a
10 Nonquota type 4 malt beverage drink license for a fee of fifty dollars (\$50). The
11 holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota
12 retail malt beverage package license for a fee of fifty dollars (\$50).

13 (11) A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new
14 transitional license pursuant to KRS 243.045.

15 (12) Other special licenses as the state board finds to be necessary for the administration
16 of KRS Chapters 241 to 244 and for the proper regulation and control of the
17 trafficking in malt beverages, as provided for by administrative regulations
18 promulgated by the state board.

19 ~~[Applicants for special licenses provided for under the authority granted in subsection (8)~~
20 ~~of this section may be exempt from so much of the provisions of subsection (1)(f) of KRS~~
21 ~~243.100 set out in administrative regulations promulgated by the board.]~~ A nonrefundable
22 application fee of fifty dollars (\$50) shall be charged to process each new application for
23 a license under this section. The application fee shall be applied to the licensing fee if the
24 license is issued, or otherwise the fee shall be retained by the department.

25 ➔Section 17. KRS 243.055 is amended to read as follows:

26 (1) As used in this section, the following definitions shall apply:

27 (a) "Hotel" means any hotel, motel, inn, or other establishment which offers

- 1 overnight accommodations to the public for hire;
- 2 (b) "In-room service" means the provision~~[delivery]~~ of alcoholic beverages in
- 3 unbroken packages by an employee of the hotel to a registered guest's room
- 4 when the alcoholic beverages have been ordered by a guest and when the
- 5 guest shall be billed for the cost of the alcoholic beverages at the time of
- 6 provision~~[delivery]~~, with all sales of the alcoholic beverages being completed
- 7 upon provision~~[delivery]~~; and, additionally, the provision of a cabinet or other
- 8 facility located in a hotel guest's room which contains alcoholic beverages and
- 9 which is provided upon written request of the guest and which is accessible by
- 10 lock and key or remote control device only to the guest, with the sale of the
- 11 alcoholic beverages contained therein being final at the time requested, except
- 12 for a credit which may be given to the guest for any unused portion. The
- 13 licensee may stock a cabinet or other facility located in a hotel guest's room
- 14 pursuant to this section, with fifty (50) milliliter containers of distilled spirits.
- 15 (2) The department may issue a hotel in-room service license to any hotel which is
- 16 licensed to sell distilled spirits, wine, and malt beverages upon the payment of the
- 17 fee set forth in KRS 243.030. The license shall authorize the licensee to sell
- 18 distilled spirits, wine, and malt beverages by in-room service. The sale of alcoholic
- 19 beverages by in-room service shall be subject to all restrictions and limitations
- 20 contained in KRS Chapters 241 to 244, and the administrative regulations issued
- 21 under those chapters, and shall be authorized only on the days and only during the
- 22 hours as the sale of alcoholic beverages is otherwise authorized in the county or
- 23 municipality. All alcoholic beverages sold pursuant to this section shall be
- 24 considered by the drink sales and shall be subject to all state and local taxes
- 25 imposed on alcoholic beverages and shall be purchased from a licensed wholesaler
- 26 and distributor.
- 27 ➔Section 18. KRS 243.100 is amended to read as follows:

1 An individual shall not become a licensee if the individual:

- 2 (1) (a) Has been convicted of any felony until five (5) years have passed from the
3 date of conviction, release from custody or incarceration, parole, or
4 termination of probation, whichever is later;
- 5 (b) Has been convicted of any misdemeanor involving a controlled substance that
6 is described in or classified pursuant to KRS Chapter 218A in the two (2)
7 years immediately preceding the application;
- 8 (c) Has been convicted of any misdemeanor directly or indirectly attributable to
9 the use of alcoholic beverages in the two (2) years immediately preceding the
10 application;
- 11 (d) Is under the age of twenty-one (21) years; or
- 12 (e) Has had any license relating to the regulation of the manufacture, sale, and
13 transportation of alcoholic beverages revoked for cause or has been convicted
14 of a violation of any statute within KRS Chapters 241 to 244, until the
15 expiration of two (2) years from the date of the revocation or conviction~~]; or~~
- 16 ~~(f) Is not a citizen of the United States and has not had an actual, bona fide
17 residence in this state for at least one (1) year before the date on which the
18 application for a license is made. This subsection shall not apply to applicants
19 for manufacturers' licenses, to applicants that are corporations authorized to
20 do business in this state, or to persons licensed on March 7, 1938].~~
- 21 (2) A partnership, limited partnership, limited liability company, corporation,
22 governmental agency, or other business entity recognized by law shall not be
23 licensed if:
- 24 (a) Each principal owner, partner, member, officer, and director does not qualify
25 under subsection (1)(a), (b), (c), (d), and (e) of this section;
- 26 (b) It has had any license relating to the regulation of the manufacture, sale, and
27 transportation of alcoholic beverages revoked for cause or has been convicted

1 of a violation of any statute within KRS Chapters 241 to 244, until the
2 expiration of two (2) years from the date of the revocation or conviction; or

3 (c) Any principal owner, partner, member, officer, or director, or any business
4 entity in which they were directly or indirectly interested, has had any license
5 revoked for cause or has been convicted of a violation of any statute within
6 KRS Chapters 241 to 244, until the expiration of the later of two (2) years
7 from the date of the revocation or two (2) years from the date of conviction.

8 (3) The provisions of subsection (1)(a) and (b) shall apply to anyone applying for a new
9 license under this chapter after July 15, 1998, but shall not apply to those who
10 renew a license that was originally issued prior to July 15, 1998, or an application
11 for a supplemental license where the original license was issued prior to July 15,
12 1998.

13 (4) A person shall not evade license disqualification by applying for a license through
14 or under the name of a different person. The state administrators shall examine the
15 ownership, membership, and management of all license applicants, and shall deny
16 the application if a disqualified person has a direct or indirect interest in the
17 applicant's business. The department may issue administrative subpoenas and
18 summonses to determine ownership of an applicant or to investigate alleged
19 violations by a licensee.

20 ➔Section 19. KRS 243.110 is amended to read as follows:

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

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

- 1 license of any other kind listed in KRS 243.040(1), (3), or (4).
- 2 (b) A brewery holding a license listed in KRS 243.040(5)~~[-or-(8)]~~ shall not apply
3 for or hold a license listed in KRS 243.040(3) or (4).
- 4 (3) (a) The holder of a quota retail package license may also hold a quota retail drink
5 license, an NQ1 retail drink license, an NQ2 retail drink license, or a special
6 nonbeverage alcohol license.
- 7 (b) The holder of a transporter's license may also hold a distilled spirits and wine
8 storage license.
- 9 (c) The holder of a distiller's license may also hold a rectifier's license, a special
10 nonbeverage alcohol license, a winery license, or a small farm winery license.
- 11 (d) A commercial airline system or charter flight system retail license, a
12 commercial airline system or charter flight system transporter's license, and a
13 retail drink license if held by a commercial airline or charter flight system may
14 be held by the same licensee.
- 15 (e) A Sunday retail drink license and supplemental license may be held by the
16 holder of a primary license.
- 17 (4) Any person may hold two (2) or more licenses of the same kind.
- 18 (5) A person or entity shall not evade the prohibition against applying for or holding
19 licenses of two (2) kinds by applying for a second license through or under the name
20 of a different person or entity. The state administrator shall examine the ownership,
21 membership, and management of applicants, and shall deny the application for a
22 license if the applicant is substantially interested in a person or entity that holds an
23 incompatible license.
- 24 ➔Section 20. KRS 243.120 is amended to read as follows:
- 25 (1) (a) A distiller's, rectifier's, or winery license shall authorize the licensee to engage
26 in the business of distiller, rectifier, or winery at the premises specifically
27 designated in the license, to maintain aging warehouses, and to transport~~[-for~~

1 ~~himself or herself only~~ any alcoholic beverage which he or she is authorized
2 under the license to manufacture or sell.

3 **(b)** The licensee shall transport alcoholic beverages ~~only~~ by:

4 **1.** A vehicle operated by himself or herself, which has affixed to its sides at
5 all times a sign of form and size prescribed by the state board,
6 containing among other things the name and license number of the
7 licensee. No distilled spirits or wine shall be transported on the same
8 truck or vehicle with malt beverages, except by a common carrier, unless
9 the owner of the truck or vehicle holds a distributor's license;

10 **2. Delivery to a consumer in Kentucky; and**

11 **3. Shipment through a licensed common carrier to a consumer in**
12 **another state.**

13 (2) (a) Distillers that produce more than fifty thousand (50,000) gallons of distilled
14 spirits per calendar year at the premises shall obtain a distiller's license, Class
15 A.

16 (b) Distillers that produce fifty thousand (50,000) gallons or less of distilled
17 spirits per calendar year at the premises shall obtain a distiller's license, Class
18 B (craft distillery).

19 (3) (a) Rectifiers that rectify more than fifty thousand (50,000) gallons of distilled
20 spirits per calendar year at the premises shall obtain a rectifier's license, Class
21 A.

22 (b) Rectifiers that rectify fifty thousand (50,000) gallons or less of distilled spirits
23 per calendar year at the premises shall obtain a rectifier's license, Class B
24 (craft rectifier).

25 (4) (a) A distiller that is located in wet territory, or in any precinct that has authorized
26 the limited sale of alcoholic beverages at distilleries under KRS 242.1243,
27 may sell distilled spirits;

1 **1.** By the drink or by the package at retail to consumers in accordance with
 2 KRS 243.0305; **and**

3 **2.** **By the package at retail to consumers for delivery or shipment in**
 4 **accordance with Sections 12 and 21 of this Act.**

5 (b) Any distilled spirits sold under this subsection shall be taxed and distributed
 6 in the same manner as sales under KRS 243.0305(2).

7 (c) Except as provided in this subsection, sales under this subsection shall be
 8 governed by all of the statutes and administrative regulations governing the
 9 retail sale of distilled spirits by the drink.

10 (5) Nothing in this section shall be construed to:

11 (a) Vitate the policy of this Commonwealth supporting an orderly three (3) tier
 12 system for the production and sale of alcoholic beverages; or

13 (b) Allow delivery or shipment of **alcoholic beverages**~~[alcohol]~~ into **any**~~[-dry or~~
 14 ~~moist]~~ territory **unless alcoholic beverages may be lawfully sold or received**
 15 **in that territory.**

16 ➔Section 21. KRS 243.130 is amended to read as follows:

17 (1) **(a) A licensed distiller, rectifier, or winery may make sales, deliveries, and**
 18 **shipments of distilled spirits and wine by the package to consumers only if**
 19 **those sales, deliveries, and shipments are permitted as part of the business**
 20 **authorized for that license under KRS Chapters 241 to 244.**

21 **(b) Deliveries shall only be made to consumers in Kentucky. Shipments shall**
 22 **only be made to consumers in another state through a licensed common**
 23 **carrier.**

24 **(c) A licensed distiller, rectifier, or winery may deliver or ship to consumers,**
 25 **with the following aggregate limits:**

26 **1. Distilled spirits, in quantities not to exceed four and one-half (4-1/2)**
 27 **liters per consumer per day for sales prior to January 1, 2021, and in**

1 quantities not to exceed nine (9) liters per consumer per day on and
2 after January 1, 2021; and

3 2. Wine, in quantities not to exceed four (4) cases per consumer per day.

4 (2) Sales and deliveries of distilled spirits and wine may be made at wholesale, and
5 from the licensed premises only:

6 (a) By distillers to rectifiers, wineries, holders of special nonbeverage alcohol
7 licenses so far as they may make the purchases, or other distillers;

8 (b) By rectifiers to wineries or to distillers if distilled spirits sold to distillers are
9 packaged in retail containers;

10 (c) By wineries to rectifiers or other wineries, or to the holders of special
11 nonbeverage alcohol licenses;

12 (d) By distillers, rectifiers, or wineries to wholesalers; or

13 (e) By distillers, rectifiers, or wineries for export out of the state.

14 ~~(3)(2)~~ No distiller, rectifier, or winery shall sell or contract to sell, give away, or
15 deliver any alcoholic beverages to any person who is not authorized by the law of
16 the state of the person's residence, and of the United States government if located in
17 the United States, to receive and possess those alcoholic beverages. Except as
18 provided in KRS 243.0305, no distiller, rectifier, or winery shall sell or contract to
19 sell, give away, or deliver any of its products to any retailer ~~or consumer~~ in
20 Kentucky.

21 ~~(4)(3)~~ Employees of distillers, rectifiers, and wineries may sample the products
22 produced by that manufacturer for purposes of education, quality control, and
23 product development.

24 ~~(5)(4)~~ Distillers may purchase distilled spirits only from other licensed distillers in
25 this state or in another state or province, but distillers may purchase from rectifiers
26 licensed in Kentucky, distilled spirits which are packaged in retail containers.

27 ~~(6)(5)~~ Rectifiers may purchase distilled spirits and wine only from licensed distillers

1 or wineries in Kentucky, or from nonresident distillers or wineries authorized by the
 2 law of the state of their residence and by the United States government, if the
 3 distillers or wineries are located in the United States, to make the sales.

4 ~~(7)~~~~(6)~~ Wineries may purchase distilled spirits or wine only from licensed distillers or
 5 wineries in Kentucky, or from nonresident distillers or wineries authorized by law
 6 of the state of their residence, and by the United States government if located in the
 7 United States, to make the sales.

8 ~~(8)~~~~(7)~~ Nothing shall prohibit the purchase or sale of warehouse receipts by any
 9 person, but this subsection does not authorize the owner of a warehouse receipt to
 10 accept delivery of any distilled spirits unless the owner is a person who is permitted
 11 by law to receive the distilled spirits.

12 ~~(9)~~~~(8)~~ Nothing in this section shall be construed to:

- 13 (a) Vitate the policy of this Commonwealth supporting an orderly three (3) tier
 14 system for the production and sale of alcoholic beverages; or
 15 (b) Allow delivery or shipment of alcoholic beverages~~alcohol~~ into any~~dry or~~
 16 ~~moist~~ territory unless alcoholic beverages may be lawfully sold or received
 17 in that territory.

18 ➔Section 22. KRS 243.150 is amended to read as follows:

19 (1) A brewer's license shall authorize the licensee to:

20 (a) Engage in the business of a brewer at the premises specifically designated in
 21 the license;~~and to~~

22 (b) Deliver malt beverages to a consumer in Kentucky, in an aggregate quantity
 23 not to exceed thirty-one (31) gallons per consumer per day that shall not
 24 include more than three (3) cases in case format;

25 (c) Ship malt beverages to a consumer in another state, in an aggregate
 26 quantity not to exceed two (2) cases per consumer per month, only through
 27 a licensed common carrier; and

1 (d) Transport for itself only any malt beverage which the licensee is authorized by
2 its license to manufacture or sell, but the licensee shall transport any malt
3 beverages in accordance with the requirements provided by KRS 243.120 for
4 distillers.

5 (2) A brewer may sell any malt beverage produced under its license to:

6 (a) A licensed wholesaler from the licensed premises;

7 (b) Any of its employees for home consumption;

8 (c) Charitable or fraternal organizations holding group meetings, picnics, or
9 outings;~~and~~

10 (d) **A consumer by delivery or shipment; and**

11 (e) A **consumer**~~customer~~, strictly limited to the following types of sales on the
12 premises of a brewery located in wet territory:

13 1. By the drink sales for consumption on the premises only, to be
14 conducted in a taproom or similar space that is located at the licensed
15 brewery; and

16 2. Package sales for off-premises consumption only by using a refillable,
17 resealable growler.

18 (3) A licensed brewer may buy malt beverages from another licensed brewer in this
19 state or nonresident brewer authorized by the law of the state of its residence, and
20 by the United States government if located in the United States, to make these sales;

21 (4) Employees of a licensed brewer may sample the products produced by that
22 manufacturer for purposes of education, quality control, and product development.

23 (5) A brewer may serve on the licensed premises of its brewery complimentary samples
24 of malt beverages produced at the brewery in an amount not to exceed sixteen (16)
25 ounces per patron per day, if the brewery is located in wet territory.

26 ➔Section 23. KRS 243.155 is amended to read as follows:

27 (1) Any in-state or out-of-state small farm winery may apply for a small farm winery

1 license. In addition to all other licensing requirements, an applicant for a small farm
2 winery license shall submit with its application a copy of the small farm winery's
3 federal basic permit and proof documenting its annual wine production. An out-of-
4 state winery shall submit additional documentation evidencing its resident state. As
5 part of the application process, an out-of-state winery shall publish its notice of
6 intent, as required by KRS 243.360, in the Kentucky newspaper of highest
7 circulation. The board shall promulgate administrative regulations establishing the
8 form the documentation of proof of production shall take.

9 (2) A small farm winery license shall authorize the licensee to perform the following
10 functions without having to obtain separate licenses, except that each small farm
11 winery off-premises retail site shall be separately licensed:

12 (a) Engage in the business of a winery under the terms and conditions of KRS
13 243.120 and 243.130. The manufacture of wine at the small farm winery shall
14 not be less than two hundred fifty (250) gallons, and shall not exceed one
15 hundred thousand (100,000) gallons, in one (1) year;

16 (b) Bottle wines produced by that small farm winery and other licensed small
17 farm wineries;

18 (c) Enter into an agreement with another licensed small farm winery under which
19 it crushes, processes, ferments, bottles, or any combination of these services,
20 the grapes, fruits, or other agricultural products of the other small farm winery
21 for a production year. The resulting wine shall be considered the product of
22 the small farm winery that provides the fruit. The small farm winery providing
23 the custom crushing services may exclude the wine produced under this
24 paragraph from its annual production gallonage;

25 (d) If the licensed small farm winery or off-premises retail site premises is located
26 in wet territory or in a precinct that has authorized alcoholic beverage sales by
27 the small farm winery under KRS 242.124:

- 1 1. Serve complimentary samples of wine produced by it in amounts not to
2 exceed six (6) ounces per patron per day; and
- 3 2. Sell by the drink for on-premises consumption or by the package wine
4 produced by it or by another licensed small farm winery, at retail to
5 consumers;
- 6 (e) Sell by the drink or by the package, at fairs, festivals, and other similar types
7 of events, wine produced by it or by another licensed small farm winery, at
8 retail to consumers if all sales occur in a wet territory;
- 9 (f) Sell and transport wine produced by it to consumers, licensed small farm
10 winery off-premises retail sites, wholesale license holders, and small farm
11 winery license holders;
- 12 (g) Consume on the premises wine produced by the small farm winery or a
13 licensed small farm winery and purchased by the drink or by the package at
14 the licensed premises, if the small farm winery is located in wet territory; and
- 15 (h) Deliver or ship packages of wine by a~~at~~ retail sale ~~[-~~
16 ~~1.—]to~~ small farm winery consumers or visitors of legal drinking age, in
17 quantities not to exceed four (4) cases per consumer~~[purchaser]~~ per
18 day~~[-~~. ~~A winery shall deliver or ship the packages to the purchaser~~
19 ~~through a licensed common carrier that is authorized to deliver or ship~~
20 ~~wine in the jurisdiction to which the products will be delivered or~~
21 ~~shipped; and~~
- 22 ~~2.— Pursuant to subscription or small farm winery sponsored club programs,~~
23 ~~in quantities not to exceed an aggregate of one (1) case per month per~~
24 ~~calendar year, provided that the enrollment and payment for the~~
25 ~~subscription or club is arranged in person at the small farm winery. At~~
26 ~~the member's request, an order may be delivered or shipped directly to~~
27 ~~the member. All deliveries or shipments shall be made through a~~

1 ~~licensed common carrier authorized to deliver or ship wine in the~~
2 ~~jurisdiction to which the products will be delivered or shipped].~~

- 3 (3) If the requirements of KRS 242.1241 or 244.290(5) relating to Sunday sales on the
4 licensed premises of a small farm winery are met, a small farm winery within that
5 territory may sell alcoholic beverages on Sunday only in accordance with this
6 section between the hours of 1 p.m. until the prevailing time for that locality.
- 7 (4) A small farm winery license holder may also hold an NQ2 retail drink license or an
8 NQ4 retail malt beverage drink license if:
- 9 (a) The small farm winery is located in wet territory or in a precinct that has
10 authorized alcoholic beverage sales by the small farm winery under KRS
11 242.124; and
- 12 (b) The issuance of these licenses is in connection with the establishment and
13 operation of a restaurant, hotel, inn, bed and breakfast, conference center, or
14 any similar business enterprise designed to promote viticulture, enology, and
15 tourism.
- 16 (5) This section shall not exempt the holder of a small farm winery license from the
17 provisions of KRS Chapters 241 to 244, nor from the administrative regulations of
18 the board, nor from regulation by the board at all premises licensed by the small
19 farm winery, except as expressly stated in this section.
- 20 (6) Nothing contained in this section shall exempt a licensed out-of-state winery from
21 obeying the laws of its resident state.
- 22 (7) Upon the approval of the department, a small farm winery license may be renewed
23 after the licensee submits to the department the winery's federal basic permit and
24 proof of its annual wine production.
- 25 (8) An employee of a small farm winery may sample the products produced by that
26 small farm winery for purposes of education, quality control, and product
27 development.

1 ➔Section 24. KRS 243.157 is amended to read as follows:

- 2 (1) A microbrewery license shall authorize the licensee to perform the following
3 functions:
- 4 (a) Engage in the business of a brewer under the terms and conditions of KRS
5 243.150, **including the sale, delivery, and shipment of malt beverages to**
6 **consumers**, provided that production of malt beverages at the microbrewery
7 shall not exceed fifty thousand (50,000) barrels in one (1) year;
- 8 (b) Serve on the premises complimentary samples of malt beverages produced by
9 the microbrewery in amounts not to exceed sixteen (16) ounces per patron,
10 provided the microbrewery is located in wet territory;
- 11 (c) Sell malt beverages produced on the premises of the microbrewery to licensed
12 distributors;
- 13 (d) Sell, **ship, and deliver to a consumer through a retail sale**, malt beverages
14 produced on the premises of the microbrewery for on- and off-premises
15 purposes in accordance with subsection (3)(b) and (c) of this section, pursuant
16 to the following:
- 17 1. Without restriction on the amount of malt beverages sold by the drink
18 for on-premises consumption; and
- 19 2. With a restriction on the amount of malt beverages sold for off-premises
20 consumption:~~[-]~~
- 21 **a. Delivered** in an aggregate amount not to exceed thirty-one (31)
22 gallons per **consumer**~~[person]~~ per day that shall not include more
23 than three (3) cases in case format; and
- 24 **b. Shipped in an aggregate amount not to exceed two (2) cases per**
25 **consumer per month; and**
- 26 (e) Sell:
- 27 1. Unlimited amounts of malt beverages by the drink; and

1 2. Not more than one (1) case of packaged malt beverages;
2 produced on the premises of the microbrewery to consumers at fairs, festivals,
3 and other similar types of events located in wet territory, in accordance with
4 subsection (3)(b)2. and (c)2. of this section.

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

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

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

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

18 1. The microbrewery possesses a retail drink license for those premises;
19 and

20 2. The microbrewery reports and pays all taxes required by subsection
21 (5)(a) and (b) of this section to the Department of Revenue at the time
22 and in the manner required by the Department of Revenue in accordance
23 with its powers under KRS 131.130(3); and

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

27 1. The microbrewery possesses a retail package license for those premises;

1 and

2 2. The microbrewery reports and pays all taxes required by subsection
3 (5)(a) and (b) of this section to the Department of Revenue at the time
4 and in the manner required by the Department of Revenue in accordance
5 with its powers under KRS 131.130(3).

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

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

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

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

17 (5) (a) A microbrewery selling malt beverages in accordance with subsection (3)(b)
18 and (c) of this section shall pay all wholesale sales taxes due under KRS
19 243.884. For the purposes of this subsection, "wholesale sales" means a sale
20 of malt beverages made by a microbrewery under subsection (3)(b) and (c) of
21 this section, as applicable.

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

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

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

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

6 (9) Nothing in this section shall be construed to vitiate the policy of this
 7 Commonwealth, as set forth in KRS 244.167 and 244.602, supporting an orderly
 8 three (3) tier system for the production and sale of malt beverages.

9 ➔Section 25. KRS 243.160 is amended to read as follows:

10 (1) A licensed wholesaler may purchase, receive, store, or possess distilled spirits and
 11 wine to sell at wholesale, from the licensed premises only, and to transport to and
 12 from the licensed premises only alcoholic beverages that the wholesaler's license
 13 authorizes the licensee to sell. The wholesaler may transport:

14 (a) Beverages in the manner provided for manufacturers in KRS 243.120; and

15 (b) Distilled spirits and wine from a manufacturer's warehouse or from another
 16 licensed wholesaler's premises to the licensed wholesaler premises.

17 (2) The holder of a wholesaler's license may sell and transport its products to the holder
 18 of a special nonbeverage alcohol license.

19 **(3) The holder of a wholesaler's license may sell, ship, and deliver its products to**
 20 **consumers.**

21 ➔Section 26. KRS 243.170 is amended to read as follows:

22 (1) A wholesaler may:

23 **(a)** Sell, deliver, and transport distilled spirits and wine at wholesale, and from the
 24 licensed premises only, to:

25 **1.{(a)}** Other wholesalers;

26 **2.{(b)}** Retailers; or

27 **3.{(c)}** A point out of the state to persons authorized by the law of the

1 state of their residence, and by the United States government if located
 2 in the United States, to receive the distilled spirits and wine; **and**

3 **(b) Sell, deliver, and ship distilled spirits and wine to a consumer, with the**
 4 **following aggregate limits on deliveries and shipments:**

5 **1. Distilled spirits, in quantities not to exceed four and one-half (4-1/2)**
 6 **liters per consumer per day for sales prior to January 1, 2021, and in**
 7 **quantities not to exceed nine (9) liters per consumer per day on and**
 8 **after January 1, 2021; and**

9 **2. Wine, in quantities not to exceed four (4) cases per consumer per day.**

10 (2) A wholesaler may purchase distilled spirits and wine at wholesale from licensed
 11 distillers, rectifiers, wineries, or other wholesalers and from nonresidents authorized
 12 by the law of the states of their residence, and by the United States government if
 13 located in the United States, to make the sales. A wholesaler may not transport
 14 distilled spirits and wine from any point to its own licensed premises, except as
 15 provided in KRS 243.200.

16 (3) No wholesaler shall sell or contract to sell, give away, or deliver any distilled spirits
 17 or wine to any person in Kentucky who is not licensed to receive, possess,
 18 distribute, or sell distilled spirits and wine, **except that a**~~and no~~ wholesaler
 19 **may**~~shall~~ sell ~~or contract to sell, give away~~, **ship**, or deliver any distilled spirits
 20 or wine to any consumer~~. This section does not permit sales or deliveries of~~
 21 ~~distilled spirits in Kentucky by licensed wholesalers to nonresidents who are not~~
 22 ~~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 not refuse to transport or offer reasonable service to a**
 2 **recipient authorized under subsection (1)(a) of this section during the normal**
 3 **business hours of the wholesaler.**

4 ➔Section 27. 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
 12 license;~~[-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; and

17 **(e) Sell, deliver, and ship malt beverages to a consumer, with the following**
 18 **aggregate quantity limits:**

19 **1. By delivery to a consumer in Kentucky, not to exceed thirty-one (31)**
 20 **gallons per consumer per day that shall not include more than three**
 21 **(3) cases in case format; and**

22 **2. By shipment to a consumer in another state, not to exceed two (2)**
 23 **cases per consumer per month.**

24 (2) **Except as authorized by subsection (1)(e) of this section,** a distributor shall
 25 transport malt beverages only by a vehicle owned, rented, or leased and operated by
 26 the distributor, which has affixed to its sides at all times a sign of form and size
 27 prescribed by the state board, containing among other things the name and license

1 number of the licensee. No distilled spirits or wine shall be transported on the same
2 truck or vehicle with malt beverages, except by a common carrier, unless the owner
3 of such truck or vehicle holds a wholesaler's license.

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

7 ➔Section 28. KRS 243.200 is amended to read as follows:

8 (1) A transporter's license may be issued as a primary license to a motor carrier
9 authorized to transact business in the Commonwealth by the Transportation Cabinet
10 or the Federal Motor Carrier Safety Administration or to another person engaged in
11 business as a common carrier. A person holding a transporter's license may
12 transport alcoholic beverages to or from the licensed premises of any licensee under
13 this chapter to an individual consumer if both the consignor and consignee in each
14 case are authorized by the law of the states of their residence to sell, purchase,
15 deliver, ship, or receive the alcoholic beverages. **A transporter license holder may**
16 **only ship alcoholic beverages if it is also a common carrier.**

17 (2) A transporter may deliver or ship~~directly~~ to consumers over twenty-one (21) years
18 of age in packages clearly marked "Alcoholic Beverages, adult signature (21 years
19 of age or over) required," and ~~shall~~~~must~~ request adult-signature-only service from
20 the carrier. **A licensed common carrier shall not knowingly ship unlicensed**
21 **alcoholic beverage shipments into the Commonwealth.** Deliveries or shipments of
22 alcoholic beverages shall only be made into areas of the state in which alcoholic
23 beverages may be lawfully sold **or received.** When the shipper requests adult-
24 signature-only service, it shall be a violation for a common carrier not to inspect
25 government-issued identification for proof of age. **No properly licensed common**
26 **carrier or any of its employees acting on behalf of a consignor in the course and**
27 **scope of a delivery or shipment of alcoholic beverages to a consumer shall be**

1 liable for a violation of this subsection or any provision of Section 4, 5, or 6 of
2 this Act prohibiting the delivery or shipment of ~~or to knowingly deliver or ship~~
3 alcoholic beverages into areas of the state in which alcoholic beverages are not
4 lawfully~~legally~~ sold or received.

5 (3) Except for a common carrier that has been assigned a USDOT number issued by the
6 Federal Motor Carrier Safety Administration, the holder of a transporter's license
7 shall cause each truck or vehicle to display the name of the licensee and the state
8 license numbers in a manner prescribed by an administrative regulation
9 promulgated by the board.

10 (4) Except for an application by a common carrier that has been assigned a USDOT
11 number issued by the Federal Motor Carrier Safety Administration, an application
12 for a transporter's license shall include a statement that the applicant, if issued a
13 license, shall allow any authorized investigators of the department to stop and
14 examine the cargo of any truck or vehicle in which alcoholic beverages are being
15 transported within the boundaries of the Commonwealth of Kentucky.

16 ~~(5) Applicants for the transporter's license under this section, and their employees, shall~~
17 ~~be exempt from the residency requirements of KRS 243.100.~~

18 ~~(6)~~ A licensee may move, within the same county, alcoholic beverages from one (1) of
19 the licensee's licensed premises to another without a transporter's license. A licensee
20 may move alcoholic beverages from one (1) of the licensee's licensed premises
21 located in one (1) county to a licensed premises located in another county, without a
22 transporter's license, with prior written approval of the administrator for good cause
23 shown. The licensee shall keep and maintain, in one (1) of its licensed premises,
24 adequate books and records of the transactions involved in transporting alcoholic
25 beverages from one (1) licensed premises to another in accordance with standards
26 established in administrative regulations promulgated by the board. The records
27 shall be available to the department and the Department of Revenue upon request.

1 ~~(6)~~~~(7)~~ **Alcoholic beverages**~~[Distilled spirits and wine]~~ may be transported by any
 2 licensed retailer selling **that type of alcoholic beverages**~~[distilled spirits or wine]~~,
 3 by the package or by the drink, from the premises of a licensed wholesaler **or**
 4 **distributor** to the licensed premises of the retail licensee. Any retailer transporting
 5 alcoholic beverages under this subsection shall do so in a vehicle marked in
 6 conformity with administrative regulations of the board. Both the wholesaler **or**
 7 **distributor** and the retailer engaging in activity under this subsection shall be
 8 responsible for maintaining records documenting the transactions.

9 ➔ Section 29. KRS 243.212 is amended to read as follows:

10 (1) An out-of-state distiller, **brewer, microbrewery,** wholesaler, **distributor,** rectifier,
 11 winery, small farm winery, importer for a **brewer, microbrewery,** distillery, winery,
 12 or small farm winery, or importer of a non-United States brand of **alcoholic**
 13 **beverages**~~[distilled spirits or wine]~~, who is the primary source of supply, may obtain
 14 a~~[distilled spirits and wine]~~ supplier's license for importing **alcoholic**
 15 **beverages**~~[distilled spirits and wine]~~ into Kentucky if it is:

16 (a) Licensed to do business in the state in which it is located; and

17 (b) Registered with the Kentucky Department of Revenue.

18 (2) An entity listed in subsection (1) of this section who wishes to import **alcoholic**
 19 **beverages**~~[more than fifty thousand (50,000) gallons of distilled spirits or wine]~~
 20 shall:

21 (a) Apply for an out-of-state~~[distilled spirits and wine]~~ supplier's license on an
 22 application provided by the department;

23 (b) Submit documentation required by the application; and

24 (c) Pay the annual fee required by KRS 243.030 **for distilled spirits or wine or**
 25 **pay the annual fee required by Section 16 of this Act for malt beverages. A**
 26 **supplier who supplies both malt beverages and distilled spirits and wine**
 27 **shall only be required to pay one (1) annual fee.**

1 (3) An out-of-state supplier may ship to consumers within the following aggregate
 2 limits for the types of alcoholic beverages it is authorized to ship:

3 (a) Distilled spirits, in quantities not to exceed four and one-half (4-1/2) liters
 4 per consumer per day for sales prior to January 1, 2021, and in quantities
 5 not to exceed nine (9) liters per consumer per day on and after January 1,
 6 2021;

7 (b) Wine, in quantities not to exceed four (4) cases per consumer per day; and

8 (c) Malt beverages, in quantities not to exceed two (2) cases per consumer per
 9 month

[An entity listed in subsection (1) of this section who wishes to import
 10 less than fifty thousand (50,000) gallons of distilled spirits or wine shall:

11 ~~(a) Apply for a limited out-of-state distilled spirits and wine supplier's license on~~
 12 ~~an application provided by the department;~~

13 ~~(b) Submit documentation required by the application; and~~

14 ~~(c) Pay the annual fee required by KRS 243.030].~~

15 (4) An out-of-state applicant shall be exempt from the notice requirements of KRS
 16 243.360.

17 ➔Section 30. KRS 243.240 is amended to read as follows:

18 (1) A quota retail package license shall authorize the licensee to:

19 (a) Purchase, receive, possess, and sell distilled spirits and wine at retail in
 20 unbroken packages only, and only for consumption off the licensed premises;
 21 and

22 (b) Deliver or ship alcoholic beverages to a consumer~~[to the customer, at the~~
 23 ~~customer's request, alcoholic beverages that are purchased:~~

24 1. ~~from the licensed premises where eighty percent (80%) of the monthly~~
 25 ~~gross sales receipts are sales to Kentucky residents, in quantities not to~~
 26 ~~exceed four and one-half (4 1/2) liters of distilled spirits and four (4)~~
 27 ~~eases of wine per purchaser per day for sales prior to January 1, 2021,~~

1 ~~and in quantities not to exceed an aggregate of nine (9) liters of distilled~~
 2 ~~spirits and four (4) cases of wine per purchaser per day on and after~~
 3 ~~January 1, 2021; and~~

4 ~~2. By subscription members or club program members, in quantities not to~~
 5 ~~exceed an aggregate of nine (9) liters per calendar year for distilled~~
 6 ~~spirits, and an aggregate of one (1) case of wine per month per calendar~~
 7 ~~year, provided that the enrollment and payment for the subscription or~~
 8 ~~club is arranged in person at the premises].~~

9 (2) The licensee shall purchase distilled spirits and wine in retail packages only and
 10 only from:

11 (a) Licensed wholesalers; or

12 (b) Those licensees authorized to sell distilled spirits and wine by the package at
 13 retail, but only if the distilled spirits and wine have first gone through the
 14 three (3) tier system.

15 (3) All ~~deliveries or~~ shipments made pursuant to this section shall be made through a~~l~~
 16 ~~icensed transporter or~~ licensed common carrier authorized to ~~deliver or~~ ship
 17 distilled spirits in the jurisdiction to which the products will be ~~delivered or~~
 18 shipped. The licensee may deliver or ship to consumers, with the following
 19 aggregate limits:

20 (a) Distilled spirits, in quantities not to exceed four and one-half (4-1/2) liters
 21 per consumer per day for sales prior to January 1, 2021, and in quantities
 22 not to exceed nine (9) liters per consumer per day on and after January 1,
 23 2021; and

24 (b) Wine, in quantities not to exceed four (4) cases per consumer per day.

25 ➔Section 31. KRS 243.260 is amended to read as follows:

26 (1) A special temporary license may be issued in wet territory to any regularly
 27 organized fair, exposition, racing association, or other party, when in the opinion of

1 the board a necessity for the license exists. Unless inconsistent with this section, a
 2 special temporary licensee shall have the same privileges and restrictions of a quota
 3 retail drink licensee and an NQ4 retail malt beverage drink licensee at the
 4 designated premises, not to exceed thirty (30) days.

5 (2) A nonprofit organization holding an NQ4 retail malt beverage drink license may be
 6 issued a special temporary license to sell distilled spirits and wine by the drink on
 7 the licensed premises for a specified and limited time, not to exceed ten (10) days.
 8 The temporary license may be issued in conjunction with any public or private
 9 event, including but not limited to weddings, receptions, reunions, or similar
 10 occasions.

11 (3) The holder of a special temporary license may sell, serve, and ~~transport~~~~deliver~~
 12 alcoholic beverages by the drink, for consumption only at the designated premises
 13 and the date and times for the qualifying event.

14 (4) A special temporary license shall not be issued for an event held in dry or moist
 15 territory.

16 ➔Section 32. KRS 243.280 is amended to read as follows:

17 (1) A nonquota retail malt beverage package license shall authorize the licensee to:

18 (a) Sell malt beverages at retail by the package from the licensed premises only
 19 for consumption off the licensed premises only;

20 **(b) 1. Deliver malt beverages to a consumer in Kentucky, or ship malt**
 21 **beverages to a consumer in another state if the licensee ships through**
 22 **a licensed common carrier.**

23 **2. Delivery of malt beverages to a consumer in Kentucky shall not exceed**
 24 **an aggregate quantity of thirty-one (31) gallons per consumer per day,**
 25 **which shall not include more than three (3) cases in case format.**

26 **3. Shipment of malt beverages to consumers shall not exceed an**
 27 **aggregate quantity of two (2) cases per consumer per month;** and

1 ~~(c)~~~~(b)~~ Purchase malt beverages only from:

2 1. A distributor; or

3 2. *Those licensees authorized to sell malt beverages by the package at*
 4 *retail, but only if the malt beverages have first gone through the three*
 5 *(3) tier system.*

6 (2) The holder of a quota retail package license under KRS 243.240 may also obtain a
 7 license under this section.

8 (3) The holder of a nonquota retail malt beverage package license may also hold a NQ4
 9 retail malt beverage drink license.

10 (4) A nonquota retail malt beverage package license shall not be issued to sell malt
 11 beverages at retail for any premises from which gasoline and lubricating oil are sold
 12 or from which the servicing and repair of motor vehicles is conducted, unless there
 13 is maintained in inventory on the premises for sale at retail not less than five
 14 thousand dollars (\$5,000) of food, groceries, and related products valued at cost.

15 (5) The term "food and groceries" means:

16 (a) Any food or food product intended for human consumption except alcoholic
 17 beverages, tobacco, hot foods, and hot food products prepared for immediate
 18 consumption; or

19 (b) Seeds and plants to grow food for personal consumption.

20 (6) The provisions of this section shall not apply to any licensed premises which sells
 21 no fuel other than marine fuel.

22 ➔Section 33. KRS 243.353 is amended to read as follows:

23 (1) A malt beverage storage license may be issued as a supplementary license to a
 24 distributor's license, a nonquota retail malt beverage package license, or a Nonquota
 25 type 4 retail malt beverage drink license. A malt beverage storage license may also
 26 be issued as a primary or supplementary license in conformity with administrative
 27 regulations promulgated by the department.

- 1 (2) The holder of a malt beverage storage license may:
- 2 (a) Store malt beverages at the storage licensed premises convenient to his or her
- 3 regular retail malt beverage licensed premises;
- 4 (b) Transport the malt beverages as belonging to the holder of the license to and
- 5 from the warehouse by way of the nearest route to his or her regular licensed
- 6 retail malt beverage premises, if the licensee sells no malt beverages except at
- 7 his or her regular malt beverage licensed premises;
- 8 (c) Transport and store malt beverages belonging to the distributor to, from, and
- 9 at the storage licensed premises; and
- 10 (d) Conduct business as authorized by the department through the promulgation
- 11 of administrative regulations.
- 12 (3) *No shipment or delivery of malt beverages to consumers shall be made by a*
- 13 *nonquota retail malt beverage package licensee from a malt beverage storage*
- 14 *license premises that is separate from a licensed premises where retail sales may*
- 15 *occur.*
- 16 (4) The malt beverage administrator may issue a temporary storage license to a licensed
- 17 distributor for storage of malt beverages if there is an emergency. The malt
- 18 beverage administrator shall have sole discretion to determine the existence of any
- 19 emergency.
- 20 ➔Section 34. KRS 243.355 is amended to read as follows:
- 21 (1) A distilled spirits and wine storage license may be issued as a primary license or as
- 22 a supplementary license to the holder of a distiller's license, rectifier's license, or
- 23 quota retail package license.
- 24 (2) A distilled spirits and wine storage license may be issued to any person operating a
- 25 bonded warehouse for distilled spirits, and who does not at the same time, and for
- 26 the same premises, hold a federal operating permit for distilling purposes, but who
- 27 possesses only a federal operating permit for a bonded warehouse for distilled

1 spirits as defined by federal law and the Internal Revenue Code.

2 (3) A licensee under this section may operate a bonded warehouse or warehouses for
3 premises specifically designated, but this license shall become void if a federal
4 operating permit for distilling purposes is issued for the same premises, and shall
5 remain void while the federal permit remains in effect. Upon the granting of a
6 federal operating permit for distilling purposes, the licensee of the premises
7 previously licensed under this section shall obtain a license as set out in KRS
8 243.030(1).

9 (4) A distilled spirits and wine storage license may be issued to persons or entities not
10 otherwise entitled under Kentucky law to store or warehouse distilled spirits or
11 wine, but who are so authorized by the federal government. The license shall
12 authorize the licensee to operate a warehouse or place of storage for distilled spirits
13 or wine on the premises specifically designated.

14 (5) A quota retail package licensee holding a supplemental distilled spirits and wine
15 storage license may store distilled spirits and wine at the storage licensed premises
16 convenient to the licensee's regular retail package licensed premises.

17 **(6) No shipment or delivery of distilled spirits or wine to consumers shall be made by**
18 **a quota retail package licensee from a distilled spirits and wine storage license**
19 **premises that is separate from a licensed premises where retail sales may occur.**

20 ➔Section 35. KRS 243.360 is amended to read as follows:

21 (1) All persons **shall, before applying for a license, advertise by publication their**
22 **intention to apply for a license in the newspaper for legal notices under KRS**
23 **424.120 for the county or city whose local administrator has local jurisdiction**
24 **over the proposed premises. This requirement shall not apply to**~~[-, except]~~ **an**
25 **applicant for the same license for the same premises, or an applicant for** **any of the**
26 **following licenses:**~~[-an]~~

27 **(a) Out-of-state**~~[- malt beverage]~~ **supplier's license;**~~[-, limited out-of-state malt~~

- 1 ~~beverage supplier's license, out of state distilled spirits and wine supplier's~~
 2 ~~license, limited out of state distilled spirits and wine supplier's license,]~~
- 3 (b) Supplemental bar license;[~~]~~
- 4 (c) Extended hours supplemental license;[~~, a]~~
- 5 (d) Special agent or solicitor's license;[~~, a]~~
- 6 (e) Special nonbeverage alcohol license;[~~, a]~~
- 7 (f) Transporter's license;[~~, a]~~
- 8 (g) Special Sunday drink license;[~~, a]~~
- 9 (h) Hotel in-room license;[~~, a]~~
- 10 (i) Sampling license;[~~]~~
- 11 (j) *Shipping permit*; or[~~a]~~
- 12 (k) Special temporary drink license[~~shall, before applying for a license, advertise~~
 13 ~~by publication their intention to apply for a license in the newspaper for legal~~
 14 ~~notices under KRS 424.120 for the county or city whose local administrator~~
 15 ~~has local jurisdiction over the proposed premises].~~
- 16 (2) The notice shall contain the following information:
- 17 (a) The notice shall state: the name and address of the applicant and the name and
 18 address of each principal owner, partner, member, officer, and director if the
 19 applicant is a partnership, limited partnership, limited liability company,
 20 corporation, governmental agency, or other business entity recognized by law;
- 21 (b) The notice shall specifically state the location of the premises for which the
 22 license is sought, the type of business, and the type of license being requested;
 23 and
- 24 (c) The notice shall state the date the application will be filed and shall contain
 25 the following statement: "Any person[~~, association, corporation, or body~~
 26 ~~politic]~~ may protest the approval of the license by writing the Department of
 27 Alcoholic Beverage Control[~~, 1003 Twilight Trail, Frankfort, Kentucky~~

1 40601,] within thirty (30) days of the date of legal publication."

2 (3) Any protest received after the thirty (30) day period has expired shall not be
3 considered a valid legal protest by the board.

4 (4) Substantial compliance with the information listed in subsection (2) of this section
5 shall be sufficient to comply with this section.

6 ➔Section 36. KRS 243.500 is amended to read as follows:

7 Any license may be revoked or suspended for the following causes:

8 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
9 any illegal alcoholic beverages on the licensed premises;[-]

10 (2) Making any false, material statements in an application or renewal application for a
11 license or supplemental license;[-]

12 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
13 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,
14 or any act regulating the manufacture, sale, and transportation of alcoholic
15 beverages within two (2) consecutive years;

16 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
17 alcoholic beverages within two (2) consecutive years; or

18 (c) Any felony;[-]

19 (4) Failure or default of a licensee to pay **the enforcement and administrative fee**
20 **imposed under Section 2 of this Act,** an excise tax or any part of the tax, or any
21 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
22 Congress relative to taxation, or for a violation of any related administrative
23 regulations promulgated by the Department of Revenue;[-]

24 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
25 and 243.610, or granted under any Act of Congress relative to the regulation of the
26 manufacture, sale, and transportation of alcoholic beverages;[-]

27 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any

1 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
2 facility for betting or transmitting bets on horse races; or permitting to be set up,
3 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
4 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.

5 This subsection shall not apply to:

- 6 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 7 (b) The operation of a pari-mutuel system for betting, where authorized by law;
- 8 (c) The conduct of charitable gaming by a charitable organization licensed or
9 permitted under KRS Chapter 238; or
- 10 (d) Special temporary raffles of alcoholic beverages under KRS 243.036; ~~and~~
- 11 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:
 - 12 (a) The trafficking or possession upon the licensed premises of controlled or
13 illegal substances described in KRS Chapter 218A, including synthetic drugs;
 - 14 (b) Knowingly permitting the trafficking or possession by patrons upon the
15 licensed premises of controlled or illegal substances described in KRS
16 Chapter 218A, including synthetic drugs; or
 - 17 (c) Knowingly receiving stolen property upon the licensed premises; ~~or~~
- 18 (8) Failure to comply with the terms of a final order of the board.

19 ➔Section 37. KRS 243.990 is amended to read as follows:

- 20 (1) Any person who, by himself or herself or acting through another, directly or
21 indirectly, violates any of the provisions of KRS 243.020 to 243.670, for which no
22 other penalty is provided, shall, for the first offense, be guilty of a Class B
23 misdemeanor; and for the second and each subsequent violation, he or she shall be
24 guilty of a Class A misdemeanor. The penalties provided for in this subsection shall
25 be in addition to the revocation of the offender's license.
- 26 (2) Any person who, by himself or herself or through another, directly or indirectly,
27 violates subsection (1) of KRS 243.020 shall, for the first offense, be guilty of a

1 Class B misdemeanor; for the second offense, he or she shall be guilty of a Class A
2 misdemeanor; and for the third and each subsequent offense, he or she shall be
3 guilty of a Class D felony.

4 (3) Any person who violates Section 1 of this Act or subsection (3) of KRS 243.020
5 shall be guilty of a violation.

6 (4) Any person who violates KRS 243.620 with respect to a license issued under KRS
7 243.050 or 243.082 shall be guilty of a violation.

8 (5) Any person who violates any of the provisions of KRS 243.720 or 243.730 or any
9 regulation issued thereunder shall be guilty of a Class A misdemeanor.

10 (6) Any person who violates any provision of KRS 243.710 to 243.850 shall be subject
11 to the uniform civil penalties imposed pursuant to KRS 131.180.

12 (7) In every case, any tax imposed by KRS 243.710 to 243.720 which is not paid on or
13 before the due date shall bear interest at the tax interest rate as defined in KRS
14 131.010(6) from the due date until the date of payment.

15 (8) Any person who, by himself or herself or acting through another, directly or
16 indirectly, violates KRS 243.502(1) shall, for the first offense, be guilty of a Class B
17 misdemeanor, and for the second and each subsequent violation, he or she shall be
18 guilty of a Class A misdemeanor. The penalties provided for in this subsection shall
19 be in addition to the suspension or revocation of the offender's license.

20 (9) Any person who violates the provisions of KRS 243.897 shall be subject to a fine
21 not to exceed one thousand dollars (\$1,000).

22 ➔Section 38. KRS 244.050 is amended to read as follows:

23 A retail licensee shall not sell, give away, ship, or deliver any alcoholic beverage at retail
24 in any quantity for less than paid or current wholesale cost, except upon written request
25 and approval by the administrators, pursuant to a bona fide "close out" sale, or as
26 provided by KRS 243.0305, 243.0307, 243.155, and 243.157.

27 ➔Section 39. KRS 244.080 is amended to read as follows:

1 A retail licensee, or the licensee's agent, servant, or employee, shall not sell, give away,
2 ship, or deliver any alcoholic beverages, or procure or permit any alcoholic beverages to
3 be sold, given away, shipped, possessed by, or delivered to:

4 (1) A minor, except that in any prosecution for selling alcoholic beverages to a minor it
5 shall be an affirmative defense that the sale was induced by the use of false,
6 fraudulent, or altered identification papers or other documents and that the
7 appearance and character of the purchaser were such that the purchaser's age could
8 not have been ascertained by any other means and that the purchaser's appearance
9 and character indicated strongly that the purchaser was of legal age to purchase
10 alcoholic beverages. This evidence may be introduced either in mitigation of the
11 charge or as a defense to the charge itself; or

12 (2) A person who appears to a reasonable person to be actually or apparently under the
13 influence of alcoholic beverages, controlled substances, other intoxicating
14 substances, or any of these substances in combination, to the degree that the person
15 may endanger any person or property, or unreasonably annoy persons in the vicinity.

16 ➔Section 40. KRS 244.085 is amended to read as follows:

17 (1) A person under twenty-one (21) years of age shall not enter any premises licensed
18 for the sale of alcoholic beverages for the purpose of purchasing or receiving any
19 alcoholic beverages.

20 (2) A person under twenty-one (21) years of age shall not possess for personal use or
21 purchase or attempt to purchase or have another purchase for the person any
22 alcoholic beverages. No person shall aid or assist any person under twenty-one (21)
23 years of age in purchasing or being delivered, shipped, or served any alcoholic
24 beverages.

25 (3) A person under twenty-one (21) years of age shall not misrepresent the person's age
26 for the purpose of inducing any licensee, or the licensee's agent, servant, or
27 employee, to sell or serve any alcoholic beverages to the underage person.

- 1 (4) A person under twenty-one (21) years of age shall not use, or attempt to use any
2 false, fraudulent, or altered identification card, paper, or any other document to
3 purchase or attempt to purchase or otherwise obtain any alcoholic beverage.
- 4 (5) Except as provided in KRS 244.090, a licensee, or the licensee's agents, servants, or
5 employees shall not permit any person under twenty-one (21) years of age to remain
6 on any premises where alcoholic beverages are sold by the drink or consumed on
7 the premises, unless:
- 8 (a) The usual and customary business of the licensee is a hotel, motel, restaurant,
9 convention center, convention hotel complex, racetrack, simulcast facility,
10 golf course, private club, park, fair, church, school, athletic complex, athletic
11 arena, theater, small farm winery, distillery, brewery, winery, convenience
12 store, grocery store, drug store, entertainment destination center, licensed APC
13 premises, or any other business type, as determined by the board through the
14 promulgation of administrative regulations, whose operations allow it to
15 adequately monitor and prevent alcohol sales to minors;
- 16 (b) All alcoholic beverage inventory is kept in a separate, locked department at all
17 times when minors are on the premises;
- 18 (c) Written approval has been granted by the department to allow minors on the
19 premises until 10 p.m. where the sale of alcohol is incidental to a specific
20 family or community event including but not limited to weddings, reunions, or
21 festivals. The licensee's request shall be in writing and shall specifically
22 describe the event for which approval is requested. The state administrators
23 shall approve or deny the request in writing; or
- 24 (d) The usual and customary business of the establishment is an entertainment
25 facility where prebooked concerts are held. For the purpose of this paragraph,
26 house bands, disc jockeys, and karaoke are not considered concerts. During
27 the times minors are on the premises under this paragraph, the licensee shall:

- 1 1. Maintain the responsibility of all ticket sales;
- 2 2. Sell the concert tickets directly to the patron or have a contractual
- 3 agreement with a vendor or promoter to sell the concert tickets for the
- 4 licensee;
- 5 3. Maintain records of all gross concert ticket sales. The concert tickets
- 6 shall have the name of a band or performer as well as the date of the
- 7 concert;
- 8 4. Permit minors to be in the area where the concert is taking place only
- 9 during the time of the concert; and
- 10 5. Prohibit minors on the premises until thirty (30) minutes prior to the
- 11 concert and prohibit minors from remaining on the premises more than
- 12 thirty (30) minutes after the concert performance has ended.
- 13 (6) Except as provided in subsection (5) of this section, a licensee or the licensee's
- 14 agent, servant, or employee shall not allow any person under the age of twenty-one
- 15 (21) to remain on any premises that sells alcoholic beverages by the package unless
- 16 the underage person is accompanied by a parent or guardian or the usual and
- 17 customary business of the establishment is a convenience store, grocery store,
- 18 drugstore, or similar establishment.
- 19 (7) Except as provided in subsection (5) of this section, a person under the age of
- 20 twenty-one (21) shall not remain on any premises that sells alcoholic beverages by
- 21 the package unless the person under the age of twenty-one (21) is accompanied by a
- 22 parent or guardian or the usual and customary business of the establishment is a
- 23 convenience store, grocery store, drugstore, or similar establishment.
- 24 (8) A violation of subsection (1), (2), (3), (4), or (7) of this section shall be deemed a
- 25 status offense if committed by a person under the age of eighteen (18) and shall be
- 26 under the jurisdiction of the juvenile session of the District Court or the family
- 27 division of the Circuit Court, as appropriate.

1 ➔Section 41. KRS 244.150 is amended to read as follows:

2 ~~[(1)]~~ Each licensee shall keep and maintain upon the licensed premises, or make readily
3 available upon request of the department or the Department of Revenue, adequate books
4 and records of all transactions involved in the manufacture or sale of alcoholic beverages,
5 in the manner required by administrative regulations of the department and the
6 Department of Revenue.

7 ~~[(2) The department may require common carriers to provide information in an
8 approved form respecting all shipments of alcoholic beverages to, from, or between
9 persons in Kentucky.]~~

10 ➔Section 42. KRS 244.165 is amended to read as follows:

11 (1) Except as provided in subsections (2) to (6)~~[(3), and (4)]~~ of this section, it shall be
12 unlawful for any person in the business of selling alcoholic beverages in another
13 state or country to ~~deliver or~~ ship or cause to be ~~delivered or~~ shipped any
14 alcoholic beverage ~~directly~~ to any Kentucky resident who does not hold a valid
15 wholesaler or distributor license issued by the Commonwealth of Kentucky.

16 (2) A winery or small farm winery located in another state may ~~deliver or~~ ship wine to
17 a Kentucky consumer through a retail sale~~[a customer in Kentucky]~~ if:

18 (a)~~[The wine, subscription, or club program membership is purchased by the
19 customer in person at the winery or small farm winery;~~

20 (b) The Kentucky consumer~~[purchaser]~~ is of legal age;

21 **(b)(e)** The out-of-state winery or small farm winery holds a shipping permit or
22 is licensed in Kentucky;

23 **(c)(d)** ~~Either:~~

24 1. ~~]~~No more than four (4) cases of wine are purchased per day~~[per visit; or~~

25 2. ~~The wine is purchased pursuant to subscription, or winery sponsored or
26 small farm winery sponsored club programs, in quantities not to exceed
27 an aggregate of one (1) case of wine per month per calendar year]; and~~

1 ~~(d)(e)~~ The wine is ~~delivered or~~ shipped through a ~~licensed transporter or~~
 2 licensed common carrier authorized to ~~deliver or~~ ship wine in the
 3 jurisdiction in which the ~~delivery or~~ shipment will occur.

4 (3) A distillery located in another state may ~~deliver or~~ ship distilled spirits ~~directly~~
 5 to **a Kentucky consumer through a retail sale** ~~a customer in Kentucky~~ if:

6 ~~(a) The distilled spirits, subscription, or club program membership is purchased~~
 7 ~~by the customer in person at the distillery;~~

8 ~~(b)~~ The Kentucky **consumer** ~~purchaser~~ is of legal age;

9 ~~(b)(e)~~ The distillery **holds a shipping permit or** is licensed in Kentucky;

10 ~~(c)(d)~~ — Either:

11 ~~1.~~ No more than four and one-half (4 1/2) liters of distilled spirits are
 12 purchased **per consumer** per day ~~per visit~~ for sales prior to January 1,
 13 2021, and in quantities not to exceed an aggregate of nine (9) liters per
 14 **consumer** ~~purchaser~~ per day for sales on and after January 1, 2021 ~~; or~~

15 ~~2. The distilled spirits are purchased pursuant to subscription or distillery-~~
 16 ~~sponsored club programs, in quantities not to exceed an aggregate of~~
 17 ~~nine (9) liters of distilled spirits per calendar year]; and~~

18 ~~(d)(e)~~ The distilled spirits are ~~delivered or~~ shipped through a ~~licensed~~
 19 ~~transporter or~~ licensed common carrier authorized to ~~deliver or~~ ship
 20 distilled spirits in the jurisdiction in which the ~~delivery or~~ shipment will
 21 occur.

22 (4) **A brewer or microbrewery located in another state may ship malt beverages to a**
 23 **Kentucky consumer through a retail sale if:**

24 **(a) The Kentucky consumer is of legal age;**

25 **(b) The brewer or microbrewery holds a Kentucky shipping permit or is**
 26 **licensed in Kentucky;**

27 **(c) No more than an aggregate quantity of two (2) cases of malt beverages are**

1 purchased per consumer per month;

2 (d) The malt beverages are shipped through a licensed common carrier
3 authorized to ship malt beverages in the jurisdiction in which the shipment
4 will occur; and

5 (e) The shipping permit holder complies with all federal and state label and
6 product registration requirements.

7 (5) A nonquota retail malt beverage package licensee or distributor located in
8 another state may ship malt beverages to a Kentucky consumer through a retail
9 sale if:

10 (a) The Kentucky consumer is of legal age;

11 (b) The nonquota retail malt beverage package licensee or distributor holds a
12 Kentucky shipping permit or is licensed in Kentucky;

13 (c) No more than an aggregate quantity of two (2) cases of malt beverages are
14 purchased per consumer per month;

15 (d) The malt beverages are shipped through a licensed common carrier
16 authorized to ship malt beverages in the jurisdiction in which the shipment
17 will occur; and

18 (e) The shipping permit holder complies with all federal and state label and
19 product registration requirements.

20 (6) A quota retail package licensee or wholesaler located in another state may ship
21 distilled spirits and wine to a Kentucky consumer through a retail sale if:

22 (a) The Kentucky consumer is of legal age;

23 (b) The quota retail package licensee or wholesaler holds a Kentucky shipping
24 permit or is licensed in Kentucky;

25 (c) The distilled spirits and wine are shipped to consumers, with the following
26 aggregate limits:

27 1. Distilled spirits, in quantities not to exceed four and one-half (4-1/2)

1 liters per consumer per day for sales prior to January 1, 2021, and in
 2 quantities not to exceed nine (9) liters per consumer per day on and
 3 after January 1, 2021; and

4 2. Wine, in quantities not to exceed four (4) cases per consumer per day;

5 (d) The distilled spirits and wine are shipped through a licensed common
 6 carrier authorized to ship distilled spirits and wine in the jurisdiction in
 7 which the shipment will occur; and

8 (e) The shipping permit holder complies with all federal and state label and
 9 product registration requirements.

10 (7) A licensed ~~transporter or~~ common carrier making ~~deliveries or~~ shipments
 11 pursuant to this section shall ~~deliver or~~ ship ~~directly~~ to consumers over twenty-
 12 one (21) years of age in packages clearly marked "Alcoholic Beverages, adult
 13 signature (21 years of age or over) required," and shall ~~must~~ request adult-
 14 signature-only service from the carrier. A licensed common carrier shall not
 15 knowingly ship unlicensed alcoholic beverage shipments into the
 16 Commonwealth. ~~Deliveries or~~ Shipments of alcoholic beverages shall only be
 17 made into areas of the state in which alcoholic beverages may be lawfully sold or
 18 received. When the shipper requests adult-signature-only service, it shall be a
 19 violation for a common carrier not to inspect government-issued identification for
 20 proof of age. No properly licensed common carrier or any of its employees acting
 21 on behalf of a consignor shall be liable for a violation of any provision of Section
 22 4, 5, or 6 of this Act prohibiting the delivery or shipment of ~~or to knowingly~~
 23 ~~deliver or ship~~ alcoholic beverages into areas of the state in which alcoholic
 24 beverages are not lawfully ~~legally~~ sold or received.

25 (8)~~(5)~~ Nothing contained in this section shall exempt a licensed out-of-state
 26 alcoholic beverage producer from obeying the laws of its resident state.

27 (9)~~(6)~~ Any person who violates subsection (1) of this section shall, for the first

1 offense, be mailed a certified letter by the department ordering that person to cease
 2 and desist any~~[- deliveries or]~~ shipments of alcoholic beverages to Kentucky
 3 residents, and **the department shall mail a copy of the certified letter to the**
 4 **licensing authority where the person is located. Any subsequent violations may**
 5 **result in further legal action**~~[for the second and each subsequent offense, be guilty~~
 6 ~~of a Class D felony].~~

7 ➔Section 43. KRS 244.167 is amended to read as follows:

8 (1) It is unlawful:

9 (a) For any distiller, rectifier, winery, brewer, or importer to solicit, accept, or fill
 10 any order for any alcoholic beverage from any wholesaler or distributor in the
 11 Commonwealth of Kentucky unless the supplier is the primary source of
 12 supply for the brand of alcoholic beverage sold or sought to be sold;

13 (b) For any wholesaler, distributor, or any other licensee in this Commonwealth to
 14 order, purchase, or receive any alcoholic beverage from any supplier unless
 15 the supplier is the primary source of supply for the brand ordered, purchased,
 16 or received;

17 (c) For a retailer to order, purchase, or receive any alcoholic beverage from any
 18 source other than any of the following:

19 1. A wholesaler or distributor who has purchased the brand from the
 20 primary source of supply;~~[-or]~~

21 2. A wholesaler or distributor who is the designated representative of the
 22 primary source of supply in this Commonwealth and who has purchased
 23 alcoholic beverages from the designated representative of the primary
 24 source of supply within or without this Commonwealth; **or**

25 **3. A licensee who is authorized to sell alcoholic beverages by the package**
 26 **at retail;** and

27 (d) For alcoholic beverages to be transported from a wholesaler's or distributor's

1 warehouse within twenty-four (24) hours of the time they are unloaded.

2 (2) The Alcoholic Beverage Control Board may suspend for a period not to exceed one
3 (1) year the license of any wholesaler, distributor, or retailer who violates the
4 provisions of this section.

5 (3) Upon determination by the Alcoholic Beverage Control Board that a primary source
6 of supply has violated the provisions of this section, no wholesaler, distributor, or
7 retailer may accept any shipment of alcoholic beverages from the primary source of
8 supply for a period of one (1) year.

9 ➔Section 44. KRS 244.300 is amended to read as follows:

10 No retailer selling distilled spirits and wine by the package or by the drink shall sell,
11 deliver, ship, or give away, or cause, permit, or procure to be sold, delivered, shipped, or
12 given away any distilled spirits or wine on credit, except that a bona fide licensed private
13 club, restaurant, or hotel may sell on reasonable credit to its members, customers, or
14 registered guests. Sales by any retailer selling distilled spirits or wine by the package or
15 by the drink may be made by use of national or bank credit cards wherein the credit card
16 company has agreed to payment to the licensee for such charges. However, nothing in this
17 section shall be construed to authorize a licensee to issue its own credit cards or extend a
18 personal credit to patrons.

19 ➔Section 45. KRS 244.550 is amended to read as follows:

20 No person shall:

21 (1) Fortify, adulterate, contaminate, or in any manner change the character or purity of
22 ~~the~~ malt beverages from that as originally marketed by the brewer or
23 microbrewery; or

24 (2) Sell, deliver, ship, or transport malt beverages, except in the original containers.

25 ➔Section 46. KRS 244.650 is amended to read as follows:

26 (1) Notwithstanding any other provision of the statutes, confections or candies having a
27 liquid filling or liquid center and containing more than one-half percent (0.5%) but

1 not more than five percent (5%) of alcohol by volume or weight may be sold at
2 premises whether or not licensed under the provisions of KRS 243.030 and
3 243.040.

4 (2) No confection or candy described in this section shall be sold, given, ~~or~~ delivered,
5 **or shipped** to any person under twenty-one (21) years of age. Any violation of this
6 section shall be considered an unlawful transaction with a minor in the third degree
7 pursuant to KRS 530.070.

8 (3) No confection or candy described in this section shall be sold or offered for sale in
9 this state unless the product has a prominently displayed label containing the
10 statement: "SALE OF THIS PRODUCT TO PERSONS UNDER 21 YEARS OF
11 AGE IS UNLAWFUL."

12 ➔Section 47. The following KRS section is repealed:

13 243.215 Malt beverage supplier's license authorizing importation of malt beverages --
14 Nonresident entities eligible for license -- Licenses and limited licenses --
15 Exemption from notice requirements of KRS 243.360.