

KENTUCKY GENERAL ASSEMBLY AMENDMENT FORM
2021 REGULAR SESSION
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Amend printed copy of **SB 15/SCS 1**

On page 1, line 15, insert "alcoholic beverage licensees" before "distributors" and place brackets around and strikethrough "distributors"; and

On page 3, line 21, insert "may" before "shall" and place brackets around and strikethrough "shall"; and

On page 4, after line 17, insert the following:

"(10) Notwithstanding any statute to the contrary, a microbrewer shall not be required to utilize a distributor to offer its products for sale. The microbrewer may sell its products directly to any consumer or alcoholic beverage licensee."; and

On page 12, after line 15, insert the following:

"➔Section 4. KRS 243.034 is amended to read as follows:

- (1) A limited restaurant license may be issued to an establishment meeting the definition criteria established in KRS 241.010(36) as long as the establishment is within:
 - (a) Any wet territory; or
 - (b) Any moist precinct that has authorized the sale of alcoholic beverages under KRS 242.1244.
- (2) A limited restaurant license shall authorize the licensee to purchase, receive, possess, and sell alcoholic beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase alcoholic beverages only from licensed wholesalers or

Amendment No. SFA 1

Rep. Sen. Christian McDaniel

Committee Amendment _____

Floor Amendment _____

Adopted: _____

Rejected: _____

Signed: _____

LRC Drafter: _____

Date: _____

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distributors *or microbrewers*. The license shall not authorize the licensee to sell alcoholic beverages by the package.

- (3) The holder of a limited restaurant license shall maintain at least seventy percent (70%) of its gross receipts from the sale of food and maintain the minimum applicable seating requirement required for the type of limited restaurant license.
- (4) A limited restaurant as defined by KRS 241.010(36)(a) shall:
 - (a) Only sell alcoholic beverages incidental to the sale of a meal; and
 - (b) Not have an open bar and shall not sell alcoholic beverages to any person who has not purchased or does not purchase a meal.

➔Section 5. KRS 243.082 is amended to read as follows:

- (1) A "Nonquota type 1" or "NQ1" retail drink license may be issued to an applicant operating as, or in:
 - (a) A convention center or a convention hotel complex;
 - (b) A horse racetrack;
 - (c) An automobile racetrack;
 - (d) A railroad system;
 - (e) A commercial airlines system or charter flight system; or
 - (f) A state park.
- (2) Any licensee holding an NQ1 retail drink license located in a qualifying convention center or a convention hotel complex, horse racetrack, an automobile racetrack, or state park may purchase, receive, possess, and sell alcoholic beverages at retail by the drink for consumption on the licensed premises. The license shall permit all alcoholic beverage sales on the premises without additional supplemental licenses. The licensee shall purchase alcoholic beverages only from licensed wholesalers or distributors *or microbrewers*. The

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holder of an NQ1 retail drink license under this section shall store alcoholic beverages in the manner prescribed in KRS 244.260.

- (3) A qualifying convention center or a convention hotel complex holding an NQ1 retail drink license may also hold a supplemental hotel in-room service license.
 - (4) A qualifying railroad system holding an NQ1 retail drink license may purchase, receive, possess, and sell alcoholic beverages at retail by the drink or by the package, upon any train that includes a dining car and is operated by the licensee in the state. Sales shall be made only while the train is in motion. A railroad system holding an NQ1 retail drink license may sell alcoholic beverages in unbroken packages smaller than two hundred (200) milliliters of distilled spirits and one hundred (100) milliliters of wine and may purchase alcoholic beverages from nonresidents.
 - (5) A qualifying commercial airlines system or charter flight system holding an NQ1 retail drink license may purchase, receive, possess, and sell alcoholic beverages at retail by the drink, and by miniature bottle, for consumption upon regularly scheduled or charter flights of the licensee, in and out of Kentucky. The license shall authorize the licensee to store alcoholic beverages for retail sale at a location or locations, if operating from more than one (1) airport in Kentucky, as designated on the license application.
 - (6) An NQ1 retail drink license may be issued to any qualifying applicant within a state park meeting the criteria established in KRS 241.010 so long as the state park is located, in whole or in part, within:
 - (a) Any wet territory; or
 - (b) Any precinct that has authorized the sale of alcoholic beverages under KRS 242.022.
- ➔Section 6. KRS 243.084 is amended to read as follows:
- (1) A "Nonquota type 2" or "NQ2" retail drink license may be issued to an applicant operating

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as, or in:

- (a) A hotel that:
 1. Contains at least fifty (50) sleeping units; and
 2. Receives from its total food and alcoholic beverage sales at least fifty percent (50%) of its gross receipts from the sale of food;
 - (b) A restaurant;
 - (c) An airport;
 - (d) A riverboat;
 - (e) A distiller; or
 - (f) A business located within, or adjacent to, an entertainment destination center licensed premises.
- (2) A holder of an NQ2 retail drink license may purchase, receive, possess, and sell alcoholic beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase alcoholic beverages only from licensed wholesalers or distributors ***or microbrewers***. A distiller may purchase its own products for retail drink sales under KRS 243.0305. The holder of an NQ2 retail drink license shall store alcoholic beverages in the manner prescribed in KRS 244.260.
- (3) (a) To qualify for an NQ2 license, a riverboat shall have a regular or alternative place of mooring in a wet county or city of this state.
- (b) If a riverboat moors or makes landfall in a location other than its regular or alternate regular place of mooring, all alcoholic beverages shall be kept locked.
- (c) A riverboat licensed under this subsection shall not take on or discharge passengers when mooring or making landfall in dry option territory.

➔Section 7. KRS 243.086 is amended to read as follows:

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- (1) A "Nonquota type 3" or "NQ3" retail drink license may be issued to an applicant operating as, or in:
 - (a) A private club;
 - (b) A dining car; or
 - (c) A bed and breakfast.
- (2) The holder of an NQ3 retail drink license may purchase, receive, possess, and sell alcoholic beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase alcoholic beverages only from licensed wholesalers or distributors ***or microbrewers***. The holder of an NQ3 retail drink license shall store alcoholic beverages in the manner prescribed in KRS 244.260.
- (3) A qualifying private club holding an NQ3 retail drink license shall exclude the general public from the licensed premises.
- (4) A qualifying bed and breakfast holding an NQ3 retail drink license shall only sell alcoholic beverages by the drink to paid overnight guests of the licensee.

➔Section 8. KRS 243.088 is amended to read as follows:

- (1) A "Nonquota type 4" or "NQ4" retail malt beverage drink license may be issued to the holder of a quota retail drink license, microbrewery license, small farm winery license, or any other business wishing to sell malt beverages by the drink for consumption on the premises only.
- (2) An NQ4 retail malt beverage drink license shall authorize the licensee to:
 - (a) Sell malt beverages at retail by the drink from only the licensed premises for consumption at the licensed premises only; and
 - (b) Purchase malt beverages only from a distributor ***or a microbrewer***.
- (3) The holder of an NQ4 retail malt beverage drink license may also hold a nonquota retail

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malt beverage package license.

- (4) A nonquota retail malt beverage drink license shall not be issued to any premises from which gasoline and lubricating oil are sold or from which the servicing and repair of motor vehicles is conducted, unless there is maintained in inventory on the premises for sale at retail not less than five thousand dollars (\$5,000) of food, groceries, and related products valued at cost. For purposes of this subsection, the term "food and groceries" has the meaning provided in KRS 243.280. This section shall not apply to any licensed premises that sells no fuel other than marine fuel.

➔Section 9. KRS 244.167 is amended to read as follows:

- (1) It is unlawful:

- (a) For any distiller, rectifier, winery, brewer, or importer to solicit, accept, or fill any order for any alcoholic beverage from any wholesaler or distributor in the Commonwealth of Kentucky unless the supplier is the primary source of supply for the brand of alcoholic beverage sold or sought to be sold;
- (b) For any wholesaler, distributor, or any other licensee in this Commonwealth to order, purchase, or receive any alcoholic beverage from any supplier unless the supplier is the primary source of supply for the brand ordered, purchased, or received;
- (c) For a retailer to order, purchase, or receive any alcoholic beverage from any source other than any of the following:
1. A wholesaler or distributor who has purchased the brand from the primary source of supply; ~~or~~
 2. A wholesaler or distributor who is the designated representative of the primary source of supply in this Commonwealth and who has purchased alcoholic beverages from the designated representative of the primary source of supply

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within or without this Commonwealth; *or*

3. A microbrewer; and

- (d) For alcoholic beverages to be transported from a wholesaler's or distributor's warehouse within twenty-four (24) hours of the time they are unloaded.
- (2) The Alcoholic Beverage Control Board may suspend for a period not to exceed one (1) year the license of any wholesaler, distributor, or retailer who violates the provisions of this section.
- (3) Upon determination by the Alcoholic Beverage Control Board that a primary source of supply has violated the provisions of this section, no wholesaler, distributor, or retailer may accept any shipment of alcoholic beverages from the primary source of supply for a period of one (1) year.

➔Section 10. KRS 244.602 is amended to read as follows:

(1) The General Assembly finds that KRS 244.602 to 244.606 are necessary in order to:

- (a)**~~(1)~~ Provide an orderly three (3) tier system for the distribution and sale of quality malt beverages in the Commonwealth of Kentucky;
- (b)**~~(2)~~ Promote the public health, safety, and welfare of the people of the Commonwealth of Kentucky; and
- (c)**~~(3)~~ Provide a distribution system of malt beverages that will facilitate the collection and accountability of state and local taxes.

(2) **Sections 244.602 to 244.606 shall not apply to microbrewers.**"; and

Renumber remaining section accordingly.