

1 AN ACT relating to alcoholic beverages.

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

3 ➔Section 1. KRS 241.010 is amended to read as follows:

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

5 (1) "Alcohol" means ethyl alcohol, hydrated oxide of ethyl or spirit of wine, from
6 whatever source or by whatever process it is produced;

7 (2) "Alcoholic beverage" means every liquid, solid, powder, or crystal, whether
8 patented or not, containing alcohol in an amount in excess of more than one percent
9 (1%) of alcohol by volume, which is fit for beverage purposes. It includes every
10 spurious or imitation liquor sold as, or under any name commonly used for,
11 alcoholic beverages, whether containing any alcohol or not. It does not include the
12 following products:

13 (a) Medicinal preparations manufactured in accordance with formulas prescribed
14 by the United States Pharmacopoeia, National Formulary, or the American
15 Institute of Homeopathy;

16 (b) Patented, patent, and proprietary medicines;

17 (c) Toilet, medicinal, and antiseptic preparations and solutions;

18 (d) Flavoring extracts and syrups;

19 (e) Denatured alcohol or denatured rum;

20 (f) Vinegar and preserved sweet cider;

21 (g) Wine for sacramental purposes; and

22 (h) Alcohol unfit for beverage purposes that is to be sold for legitimate external
23 use;

24 (3) (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine,
25 or process that mixes liquor, spirits, or any other alcohol product with pure
26 oxygen or by any other means produces a vaporized alcoholic product used
27 for human consumption;

- 1 (b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler,
2 nebulizer, atomizer, or other device that is designed and intended by the
3 manufacturer to dispense a prescribed or over-the-counter medication or a
4 device installed and used by a licensee under this chapter to demonstrate the
5 aroma of an alcoholic beverage;
- 6 (4) "Automobile race track" means a facility primarily used for vehicle racing that has a
7 seating capacity of at least thirty thousand (30,000) people;
- 8 (5) "Barrel-aged and batched cocktail" means an alcoholic beverage that is:
9 (a) Composed of:
10 1. Distilled spirits that have been dispensed from their original sealed
11 container; and
12 2. Other ingredients or alcoholic beverages;
13 (b) Placed into a barrel or container on the premises of a retail licensee; and
14 (c) Dispensed from the barrel or container as a retail sale by the drink;
- 15 (6) "Bed and breakfast" means a one (1) family dwelling unit that:
16 (a) Has guest rooms or suites used, rented, or hired out for occupancy or that are
17 occupied for sleeping purposes by persons not members of the single-family
18 unit;
19 (b) Holds a permit under KRS Chapter 219; and
20 (c) Has an innkeeper who resides on the premises or property adjacent to the
21 premises during periods of occupancy;
- 22 (7) "Board" means the State Alcoholic Beverage Control Board created by KRS
23 241.030;
- 24 (8) "Bottle" means any container which is used for holding alcoholic beverages for the
25 use and sale of alcoholic beverages at retail;
- 26 (9) "Brewer" means any person who manufactures malt beverages or owns, occupies,
27 carries on, works, or conducts any brewery, either alone or through an agent;

- 1 (10) "Brewery" means any place or premises where malt beverages are manufactured for
2 sale, and includes all offices, granaries, mash rooms, cooling rooms, vaults, yards,
3 and storerooms connected with the premises; or where any part of the process of the
4 manufacture of malt beverages is carried on; or where any apparatus connected with
5 manufacture is kept or used; or where any of the products of brewing or
6 fermentation are stored or kept;
- 7 (11) "Building containing licensed premises" means the licensed premises themselves
8 and includes the land, tract of land, or parking lot in which the premises are
9 contained, and any part of any building connected by direct access or by an
10 entrance which is under the ownership or control of the licensee by lease holdings
11 or ownership;
- 12 (12) "Caterer" means a person operating a food service business that prepares food in a
13 licensed and inspected commissary, transports the food and alcoholic beverages to
14 the caterer's designated and inspected banquet hall or to an agreed location, and
15 serves the food and alcoholic beverages pursuant to an agreement with another
16 person;
- 17 (13) "Charitable organization" means a nonprofit entity recognized as exempt from
18 federal taxation under section 501(c) of the Internal Revenue Code (26 U.S.C. sec.
19 501(c)) or any organization having been established and continuously operating
20 within the Commonwealth of Kentucky for charitable purposes for three (3) years
21 and which expends at least sixty percent (60%) of its gross revenue exclusively for
22 religious, educational, literary, civic, fraternal, or patriotic purposes;
- 23 (14) "Cider" means any fermented fruit-based beverage containing seven percent (7%)
24 or more alcohol by volume and includes hard cider and perry cider;
- 25 (15) "City administrator" means city alcoholic beverage control administrator;
- 26 (16) "Commercial airport" means an airport through which more than five hundred
27 thousand (500,000) passengers arrive or depart annually;

- 1 (17) (a) "Commercial quadricycle" means a vehicle equipped with a minimum of ten
2 (10) pairs of fully operative pedals for propulsion by means of human
3 muscular power and which:
- 4 1. Has four (4) wheels;
 - 5 2. Is operated in a manner similar to that of a bicycle;
 - 6 3. Is equipped with a minimum of thirteen (13) seats for passengers;
 - 7 4. Has a unibody design;
 - 8 5. Is equipped with a minimum of four (4) hydraulically operated brakes;
 - 9 6. Is used for commercial tour purposes;
 - 10 7. Is operated by the vehicle owner or an employee of the owner; and
 - 11 8. Has an electrical assist system that shall only be used when traveling to
12 or from its storage location while not carrying passengers.
- 13 (b) A "commercial quadricycle" is not a motor vehicle as defined in KRS 186.010
14 or 189.010;
- 15 (18) "Commissioner" means the commissioner of the Department of Alcoholic Beverage
16 Control;
- 17 (19) "Consumer" means a person, persons, or business organization who purchases
18 alcoholic beverages and who:
- 19 (a) Does not hold a license or permit issued by the department;
 - 20 (b) Purchases the alcoholic beverages for personal consumption only and not for
21 resale;
 - 22 (c) Is of lawful drinking age; and
 - 23 (d) Receives the alcoholic beverages in territory where the alcoholic beverages
24 may be lawfully sold or received;
- 25 (20) "Convention center" means any facility which, in its usual and customary business,
26 provides seating for a minimum of one thousand (1,000) people and offers
27 convention facilities and related services for seminars, training and educational

- 1 purposes, trade association meetings, conventions, or civic and community events
2 or for plays, theatrical productions, or cultural exhibitions;
- 3 (21) "Convicted" and "conviction" means a finding of guilt resulting from a plea of
4 guilty, the decision of a court, or the finding of a jury, irrespective of a
5 pronouncement of judgment or the suspension of the judgment;
- 6 (22) "County administrator" means county alcoholic beverage control administrator;
- 7 (23) "Department" means the Department of Alcoholic Beverage Control;
- 8 (24) "Dining car" means a railroad passenger car that serves meals to consumers on any
9 railroad or Pullman car company;
- 10 (25) "Discount in the usual course of business" means price reductions, rebates, refunds,
11 and discounts given by wholesalers to distilled spirits and wine retailers pursuant to
12 an agreement made at the time of the sale of the merchandise involved and are
13 considered a part of the sales transaction, constituting reductions in price pursuant
14 to the terms of the sale, irrespective of whether the quantity discount was:
- 15 (a) Prorated and allowed on each delivery;
- 16 (b) Given in a lump sum after the entire quantity of merchandise purchased had
17 been delivered; or
- 18 (c) Based on dollar volume or on the quantity of merchandise purchased;
- 19 (26) "Distilled spirits" or "spirits" means any product capable of being consumed by a
20 human being which contains alcohol ~~in excess of the amount permitted by KRS~~
21 ~~Chapter 242~~ obtained by distilling, mixed with water or other substances in
22 solution, except wine, hard cider, and malt beverages;
- 23 (27) "Distiller" means any person who is engaged in the business of manufacturing
24 distilled spirits at any distillery in the state and is registered in the Office of the
25 Collector of Internal Revenue for the United States at Louisville, Kentucky;
- 26 (28) "Distillery" means any place or premises where distilled spirits are manufactured
27 for sale, and which are registered in the office of any collector of internal revenue

- 1 for the United States. It includes any United States government bonded warehouse;
- 2 (29) "Distributor" means any person who distributes malt beverages for the purpose of
3 being sold at retail;
- 4 (30) "Dry" means a territory in which a majority of the electorate voted to prohibit all
5 forms of retail alcohol sales through a local option election held under KRS Chapter
6 242;
- 7 (31) "Election" means:
- 8 (a) An election held for the purpose of taking the sense of the people as to the
9 application or discontinuance of alcoholic beverage sales under KRS Chapter
10 242; or
- 11 (b) Any other election not pertaining to alcohol;
- 12 (32) "Horse racetrack" means a facility licensed to conduct a horse race meeting under
13 KRS Chapter 230;
- 14 (33) "Hotel" means a hotel, motel, or inn for accommodation of the traveling public,
15 designed primarily to serve transient patrons;
- 16 (34) "Investigator" means any employee or agent of the department who is regularly
17 employed and whose primary function is to travel from place to place for the
18 purpose of visiting licensees, and any employee or agent of the department who is
19 assigned, temporarily or permanently, by the commissioner to duty outside the main
20 office of the department at Frankfort, in connection with the administration of
21 alcoholic beverage statutes;
- 22 (35) "License" means any license issued pursuant to KRS Chapters 241 to 244;
- 23 (36) "Licensee" means any person to whom a license has been issued, pursuant to KRS
24 Chapters 241 to 244;
- 25 (37) "Limited restaurant" means:
- 26 (a) A facility where the usual and customary business is the preparation and
27 serving of meals to consumers, which has a bona fide kitchen facility, which

1 receives at least seventy percent (70%) of its food and alcoholic beverage
2 receipts from the sale of food, which maintains a minimum seating capacity of
3 fifty (50) persons for dining, which has no open bar, which requires that
4 alcoholic beverages be sold in conjunction with the sale of a meal, and which
5 is located in a wet or moist territory under KRS 242.1244; or

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

12 (38) "Local administrator" means a city alcoholic beverage administrator, county
13 alcoholic beverage administrator, or urban-county alcoholic beverage control
14 administrator;

15 (39) "Malt beverage" means any fermented undistilled alcoholic beverage of any name
16 or description, manufactured from malt wholly or in part, or from any substitute for
17 malt, and includes weak cider;

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

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

21 **(42) "Marina" means a dock or basin providing moorings for boats and offering**
22 **supply, repair, or other services for remuneration;**

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

24 ~~(44)~~ "Moist" means a territory in which a majority of the electorate voted to permit
25 limited alcohol sales by any one (1) or a combination of special limited local option
26 elections authorized by KRS Chapter 242;

27 ~~(45)~~ "Population" means the population figures established by the federal

1 decennial census for a census year or the current yearly population estimates
2 prepared by the Kentucky State Data Center, Urban Studies Center of the
3 University of Louisville, Louisville, Kentucky, for all other years;

4 ~~(46)~~~~[(45)]~~ "Premises" means the land and building in and upon which any business
5 regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall
6 not include as a single unit two (2) or more separate businesses of one (1) owner on
7 the same lot or tract of land, in the same or in different buildings if physical and
8 permanent separation of the premises is maintained, excluding employee access by
9 keyed entry and emergency exits equipped with crash bars, and each has a separate
10 public entrance accessible directly from the sidewalk or parking lot. Any licensee
11 holding an alcoholic beverage license on July 15, 1998, shall not, by reason of this
12 subsection, be ineligible to continue to hold his or her license or obtain a renewal,
13 of the license;

14 ~~(47)~~~~[(46)]~~ "Primary source of supply" or "supplier" means the distiller, winery, brewer,
15 producer, owner of the commodity at the time it becomes a marketable product,
16 bottler, or authorized agent of the brand owner. In the case of imported products,
17 the primary source of supply means either the foreign producer, owner, bottler, or
18 agent of the prime importer from, or the exclusive agent in, the United States of the
19 foreign distiller, producer, bottler, or owner;

20 ~~(48)~~~~[(47)]~~ "Private club" means a nonprofit social, fraternal, military, or political
21 organization, club, or nonprofit or for-profit entity maintaining or operating a club
22 room, club rooms, or premises from which the general public is excluded;

23 ~~(49)~~~~[(48)]~~ "Private selection event" means a private event with a licensed distiller during
24 which participating consumers, retail licensees, wholesalers, distributors, or a
25 distillery's own representatives select a single barrel or a blend of barrels of the
26 distiller's products to be specially packaged for the participants;

27 ~~(50)~~~~[(49)]~~ "Private selection package" means a bottle of distilled spirits sourced from the

1 barrel or barrels selected by participating consumers, retail licensees, wholesalers,
2 distributors, microbreweries that hold a quota retail drink or quota retail package
3 license, or a distillery's own representatives during a private selection event;

4 ~~(51)~~~~(50)~~ "Public nuisance" means a condition that endangers safety or health, is
5 offensive to the senses, or obstructs the free use of property so as to interfere with
6 the comfortable enjoyment of life or property by a community or neighborhood or
7 by any considerable number of persons;

8 ~~(52)~~~~(51)~~ "Qualified historic site" means:

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

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

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

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

19 ~~(53)~~~~(52)~~ "Rectifier" means any person who rectifies, purifies, or refines distilled
20 spirits, malt, or wine by any process other than as provided for on distillery
21 premises, and every person who, without rectifying, purifying, or refining distilled
22 spirits by mixing alcoholic beverages with any materials, manufactures any
23 imitations of or compounds liquors for sale under the name of whiskey, brandy, gin,
24 rum, wine, spirits, cordials, bitters, or any other name;

25 ~~(54)~~~~(53)~~ "Repackaging" means the placing of alcoholic beverages in any retail
26 container irrespective of the material from which the container is made;

27 ~~(55)~~~~(54)~~ "Restaurant" means a facility where the usual and customary business is the

1 preparation and serving of meals to consumers, that has a bona fide kitchen facility,
2 and that receives at least fifty percent (50%) of its food and alcoholic beverage
3 receipts from the sale of food at the premises;

4 (56)~~[(55)]~~ "Retail container" means any bottle, can, barrel, or other container which,
5 without a separable intermediate container, holds alcoholic beverages and is
6 suitable and destined for sale to a retail outlet, whether it is suitable for delivery or
7 shipment to the consumer or not;

8 (57)~~[(56)]~~ "Retail sale" means any sale of alcoholic beverages to a consumer, including
9 those transactions taking place in person, electronically, online, by mail, or by
10 telephone;

11 (58)~~[(57)]~~ "Retailer" means any licensee who sells and delivers any alcoholic beverage
12 to consumers, except for manufacturers with limited retail sale privileges and direct
13 shipper licensees;

14 (59)~~[(58)]~~ "Riverboat" means any boat or vessel with a regular place of mooring in this
15 state that is licensed by the United States Coast Guard to carry forty (40)~~one~~
16 ~~hundred (100)~~ or more passengers for hire on navigable waters in or adjacent to
17 this state;

18 (60)~~[(59)]~~ "Sale" means any transfer, exchange, or barter for consideration, and includes
19 all sales made by any person, whether principal, proprietor, agent, servant, or
20 employee, of any alcoholic beverage;

21 (61)~~[(60)]~~ "Service bar" means a bar, counter, shelving, or similar structure used for
22 storing or stocking supplies of alcoholic beverages that is a workstation where
23 employees prepare alcoholic beverage drinks to be delivered to customers away
24 from the service bar;

25 (62)~~[(61)]~~ "Sell" includes solicit or receive an order for, keep or expose for sale, keep
26 with intent to sell, and the delivery of any alcoholic beverage;

27 (63)~~[(62)]~~ "Small farm winery" means a winery whose wine production is not less than

1 two hundred fifty (250) gallons and not greater than five hundred thousand
2 (500,000) gallons in a calendar year;

3 ~~(64)~~~~((63))~~ "Souvenir package" means a special package of distilled spirits available from
4 a licensed retailer that is:

5 (a) Available for retail sale at a licensed Kentucky distillery where the distilled
6 spirits were produced or bottled; or

7 (b) Available for retail sale at a licensed Kentucky distillery but produced or
8 bottled at another of that distiller's licensed distilleries in Kentucky;

9 ~~(65)~~~~((64))~~ "State administrator" or "administrator" means the distilled spirits
10 administrator or the malt beverages administrator, or both, as the context requires;

11 ~~(66)~~~~((65))~~ "State park" means a state park that has a:

12 (a) Nine (9) or eighteen (18) hole golf course; or

13 (b) Full-service lodge and dining room;

14 ~~(67)~~~~((66))~~ "Supplemental bar" means a bar, counter, shelving, or similar structure used
15 for serving and selling distilled spirits or wine by the drink for consumption on the
16 licensed premises to guests and patrons from additional locations other than the
17 main bar;

18 ~~(68)~~~~((67))~~ "Territory" means a county, city, district, or precinct;

19 ~~(69)~~~~((68))~~ "Urban-county administrator" means an urban-county alcoholic beverage
20 control administrator;

21 ~~(70)~~~~((69))~~ "Valid identification document" means an unexpired, government-issued form
22 of identification that contains the photograph and date of birth of the individual to
23 whom it is issued;

24 ~~(71)~~~~((70))~~ "Vehicle" means any device or animal used to carry, convey, transport, or
25 otherwise move alcoholic beverages or any products, equipment, or appurtenances
26 used to manufacture, bottle, or sell these beverages;

27 ~~(72)~~~~((71))~~ "Vintage distilled spirit" means:

- 1 (a) A private selection package; or
- 2 (b) A package or packages of distilled spirits that:
- 3 1. Are in their original manufacturer's unopened container;
- 4 2. Are not owned by a distillery; and
- 5 3. Are not otherwise available for purchase from a licensed wholesaler
- 6 within the Commonwealth;
- 7 ~~(73)~~~~(72)~~ (a) "Vintage distilled spirits seller" means a nonlicensed person at least
- 8 twenty-one (21) years of age who is:
- 9 1. An administrator, executor, receiver, or other fiduciary who receives and
- 10 sells vintage distilled spirits in execution of the person's fiduciary
- 11 capacity;
- 12 2. A creditor who receives or takes possession of vintage distilled spirits as
- 13 security for, or in payment of, debt, in whole or in part;
- 14 3. A public officer or court official who levies on vintage distilled spirits
- 15 under order or process of any court or magistrate to sell the vintage
- 16 distilled spirits in satisfaction of the order or process; or
- 17 4. Any other person not engaged in the business of selling alcoholic
- 18 beverages.
- 19 (b) "Vintage distilled spirits seller" does not mean:
- 20 1. A person selling alcoholic beverages as part of an approved KRS
- 21 243.630 transfer; or
- 22 2. A person selling alcoholic beverages as authorized by KRS 243.540;
- 23 ~~(74)~~~~(73)~~ "Warehouse" means any place in which alcoholic beverages are housed or
- 24 stored;
- 25 ~~(75)~~~~(74)~~ "Weak cider" means any fermented fruit-based beverage containing more than
- 26 one percent (1%) but less than seven percent (7%) alcohol by volume;
- 27 ~~(76)~~~~(75)~~ "Wet" means a territory in which a majority of the electorate voted to permit

1 all forms of retail alcohol sales by a local option election under KRS 242.050 or
2 242.125 on the following question: "Are you in favor of the sale of alcoholic
3 beverages in (name of territory)?";

4 ~~(77)~~~~(76)~~ "Wholesale sale" means a sale to any person for the purpose of resale;

5 ~~(78)~~~~(77)~~ "Wholesaler" means any person who distributes alcoholic beverages for the
6 purpose of being sold at retail, but it shall not include a subsidiary of a
7 manufacturer or cooperative of a retail outlet;

8 ~~(79)~~~~(78)~~ "Wine" means the product of the normal alcoholic fermentation of the juices
9 of fruits, with the usual processes of manufacture and normal additions, and
10 includes champagne and sparkling and fortified wine of an alcoholic content not to
11 exceed twenty-four percent (24%) by volume. It includes sake, cider, hard cider,
12 and perry cider and also includes preparations or mixtures vended in retail
13 containers if these preparations or mixtures contain not more than fifteen percent
14 (15%) of alcohol by volume. It does not include weak cider; and

15 ~~(80)~~~~(79)~~ "Winery" means any place or premises in which wine is manufactured from
16 any fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials
17 are compounded, except a place or premises that manufactures wine for sacramental
18 purposes exclusively.

19 ➔Section 2. KRS 241.060 is amended to read as follows:

20 The board shall have the following functions, powers, and duties:

21 (1) To promulgate reasonable administrative regulations governing procedures relative
22 to the applications for and revocations of licenses, the supervision and control of the
23 use, manufacture, sale, transportation, storage, advertising, and trafficking of
24 alcoholic beverages, and all other matters over which the board has jurisdiction.
25 The only administrative regulation that shall be promulgated in relation to the direct
26 shipper license is to establish the license application, as set forth in KRS
27 243.027(4). To the extent any administrative regulation previously promulgated is

1 contrary to the provisions of KRS 13A.120(2), the board shall repeal or amend the
2 administrative regulation as necessary by January 1, 2022. Administrative
3 regulations need not be uniform in their application but may vary in accordance
4 with reasonable classifications;

5 (2) To limit in its sound discretion the number of licenses of each kind or class to be
6 issued in this state or any political subdivision, and restrict the locations of licensed
7 premises. To this end, the board may make reasonable division and subdivision of
8 the state or any political subdivision into districts. Administrative regulations
9 relating to the approval, denial, and revocation of licenses may be different within
10 the several divisions or subdivisions;

11 (3) To hold hearings in accordance with the provisions of KRS Chapter 13B. The
12 department may pay witnesses the per diem and mileage provided in KRS 421.015;

13 (4) To conduct hearings and appeals under KRS 241.150, 241.200, 241.260, 243.470,
14 and 243.520 and render final orders upon the subjects of the hearings and appeals;

15 (5) (a) To order the destruction of evidence, other than contraband alcoholic
16 beverages suitable for public auction under paragraph (b) of this
17 subsection, in the department's possession after all administrative and judicial
18 proceedings are conducted.

19 (b) To dispose of contraband alcoholic beverages through public auction if:

20 1. A final order relating to those contraband alcoholic beverages has
21 been entered after all administrative and judicial proceedings are
22 conducted, if applicable;

23 2. The entire proceeds of the public auction are donated to the alcohol
24 wellness and responsibility education fund established in Section 17 of
25 this Act; and

26 3. The board deems the inventory safe to release to the public, including
27 but not limited to the alcoholic beverages being in their original,

1 **unopened packaging;**

2 (6) To suspend, revoke, or cancel for cause, after a hearing in accordance with KRS
3 Chapter 13B, any license; and

4 (7) To prohibit the issuance of a license for the premises until the expiration of two (2)
5 years from the time the offense was committed if a violation of KRS Chapters 241
6 to 244 has taken place on the premises which the owner knew of or should have
7 known of, or was committed or permitted in or on the premises owned by the
8 licensee.

9 ➔Section 3. KRS 241.066 is amended to read as follows:

10 (1) The number of quota retail package licenses issued by the department in any wet
11 county shall not exceed one (1) license for every two thousand three hundred
12 (2,300) persons resident in the county, except that:

13 (a) A wet county containing a city of the first class shall be subject to the
14 limitations in KRS 241.065;

15 (b) No fewer than two (2) quota retail package licenses shall be available for
16 issuance by the department in any wet county; ~~and~~

17 (c) Any specific county quota amounts that were issued by the department prior
18 to January 1, 2018, in excess of the population calculations established in this
19 section shall remain in effect, and the department shall maintain the list of
20 specific quotas in an administrative regulation; **and**

21 **(d) The number of quota retail package licenses issued by the department in**
22 **any wet county or urban-county government, excluding a county containing**
23 **a city of a first class subject to KRS 241.065, containing more than one**
24 **hundred thousand (100,000) residents shall not exceed one (1) license for**
25 **every two thousand (2,000) persons resident in the county.**

26 (2) Nothing in this section shall be construed to prohibit license renewal or license
27 transfers approved by the department of an existing quota retail license issued in a

1 wet county.

2 (3) In counties that have not received an increased quota license amount from the
3 department, any quota licenses over the established amount shall be reduced as the
4 licenses are revoked, surrendered, or not renewed by the license holder.

5 (4) If a dry county that contains a wet city becomes wet, the quota established by this
6 section shall supersede and replace any separate city quota.

7 ➔Section 4. KRS 241.069 is amended to read as follows:

8 (1) **Any city, including any city located in a wet or dry county, or urban-county**
9 **government**~~[A city]~~ may petition the board:

10 (a) For an increase in the number of quota **retail package** licenses available in its
11 jurisdiction; **or**

12 (b) **For an increase in the number of quota retail package licenses available in**
13 **the county, if the number of quota retail package licenses is governed by**
14 **Section 3 of this Act**~~[pursuant to KRS 242.021].~~

15 A request for an increase shall not exceed the ratio of one (1) per every one
16 thousand five hundred (1,500) residents.

17 (2) The board shall consider the following factors when deciding whether to grant the
18 increase:

19 (a) Population served by the city, **county, or urban-county government**;

20 (b) **Estimated** total retail sales of the city, **county, or urban-county government**
21 for the most recent past fiscal year;

22 (c) **Estimated** retail sales per capita for the most recent past fiscal year;

23 (d) **Estimated** total alcohol sales in the city, **county, or urban-county**
24 **government** for the most recent past fiscal year;

25 (e) Tourist destinations in the area, if applicable; and

26 (f) Other economic and commercial data offered to show the capacity to support
27 additional licenses.

- 1 (3) The board shall grant the request if the information supplied supports the requested
2 increase, and shall begin the process of filing an amendment to its administrative
3 regulation to register the increase. Additional licenses shall not be issued until the
4 administrative regulation process is complete and the amendment is adopted.
- 5 (4) If the board determines the information supplied does not support a quota increase,
6 it shall notify the city, county, or urban-county government of its decision by
7 registered mail at the address given in the request. The city, county, or urban-
8 county government shall have thirty (30) days from the date of the mailing to file a
9 written request for a hearing before the board regarding its request for an increase.
- 10 ➔Section 5. KRS 242.021 is amended to read as follows:
- 11 (1) A city, including a city located in a wet or dry county, or urban-county
12 government authorized by this section shall not file a request with the board
13 seeking to increase the number of quota retail package licenses for the city, county,
14 or urban-county government unless at least one (1) year has~~three (3) years have~~
15 passed since the certification of the~~its~~ local option election approving alcohol
16 sales that resulted in the establishment of the quota retail package license number
17 that the city, county, or urban-county government seeks to have increased.
- 18 (2) Prior to making its request, the city, county, or urban-county government shall
19 publish a notice in the newspaper used for its legal notices, advising the general
20 public of the city's, county's, or urban-county government's intent to request
21 additional licenses from the board.
- 22 (3) The request to the board for a quota increase shall include:
- 23 (a) A certified copy of the governing body's resolution approving the request;
- 24 (b) A certified copy of the notice referenced in subsection (2) of this section; and
- 25 (c) An explanation as to the reason the city, county, or urban-county
26 government meets the criteria established in KRS 241.069 for a quota
27 increase.

1 (4) The city, county, or urban-county government shall bear the burden of showing an
2 increase is necessary.

3 (5) A city, county, or urban-county government shall not petition the board for an
4 increase more than once every three (3) years.

5 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
6 READ AS FOLLOWS:

7 (1) To qualify for a local option election under Section 7 of this Act and to apply for
8 any license listed in subsection (3) of this section, a marina shall:

9 (a) Operate on any body of water;

10 (b) Own, operate, or manage at least fifteen (15) boat slips;

11 (c) Buy and sell gasoline and petroleum products for the operation of boats;

12 and

13 (d) 1. Sell staple groceries;

14 2. Operate a restaurant on its premises; or

15 3. Sell staple groceries and operate a restaurant on its premises.

16 (2) A restaurant on the marina premises is not required to be located on or adjacent
17 to the shoreline of the body of water.

18 (3) Notwithstanding KRS 243.230, a marina may apply for retail drink licenses and
19 retail package licenses for distilled spirits, wine, and malt beverages. Any license
20 issued to a marina shall not count toward the total for any city, county, or state
21 license limits.

22 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO
23 READ AS FOLLOWS:

24 (1) (a) To promote economic development and tourism in any dry or moist county
25 or city in which a marina is located, a local option election for the sale of
26 alcoholic beverages may be held in a city or county precinct where the
27 marina is located, notwithstanding any other provision of the Kentucky

1 Revised Statutes to the contrary.

2 (b) A petition seeking a local option election under this section shall state "We
 3 the undersigned registered voters hereby petition for an election on the
 4 following question: 'Are you in favor of the sale of alcoholic beverages at
 5 marinas located in (name of precinct)?'".

6 (2) A local option election for the sale of alcoholic beverages held under subsection
 7 (1) of this section shall be conducted in the same manner as specified in KRS
 8 242.020, 242.040, 242.060, 242.070, 242.090, 242.110, and 242.120. The form of
 9 the proposition to be voted upon shall be "Are you in favor of the sale of
 10 alcoholic beverages at marinas located in the (name of precinct)?'".

11 (3) When a majority of the votes cast in an election held under subsections (1) and
 12 (2) of this section are in favor of establishing moist territory, the premises of the
 13 marinas located in that precinct shall become moist in the manner specified in
 14 KRS 242.200.

15 (4) The election shall not be deemed to be an election in the "same territory" within
 16 the meaning of KRS 242.030(3).

17 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
 18 READ AS FOLLOWS:

19 (1) Any person delivering alcohol by the package at retail on behalf of a licensee
 20 shall not sell to:

21 (a) A minor under twenty-one (21) years of age; or

22 (b) An intoxicated person.

23 (2) Any person delivering alcoholic beverages on behalf of a retail package licensee
 24 to an individual consumer shall verify that the recipient is at least twenty-one (21)
 25 years of age by requiring the production of a valid identification document as
 26 defined in Section 1 of this Act.

27 (3) Any person delivering alcohol by the package at retail on behalf of a licensee

1 shall possess a physical or electronic version of the license issued by the
2 department.

3 ➔Section 9. KRS 243.030 is amended to read as follows:

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

7 The licenses and their accompanying fees are as follows:

8 (1) Distiller's license:

- 9 (a) Class A, per annum\$3,090.00
- 10 (b) Class B (craft distillery), per annum.....\$1,000.00
- 11 (c) Off-premises retail sales outlet, per annum\$300.00

12 (2) Rectifier's license:

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

15 (3) Winery license, per annum\$1,030.00

16 (4) Small farm winery license, per annum\$110.00

17 (a) Small farm winery off-premises retail license, per annum\$30.00

18 (5) Wholesaler's license, per annum\$2,060.00

19 (6) Quota retail package license, per annum\$570.00

20 (7) Quota retail drink license, per annum\$620.00

21 (8) Transporter's license, per annum\$210.00

22 (9) Special nonbeverage alcohol license, per annum\$60.00

23 (10) Special agent's or solicitor's license, per annum\$30.00

24 (11) Bottling house or bottling house storage license,
25 per annum\$1,030.00

26 (12) Special temporary license, per event\$100.00

27 (13) Special Sunday retail drink license, per annum \$520.00

1	(14) Caterer's license, per annum	\$830.00
2	(15) Special temporary alcoholic beverage	
3	auction license, per event	\$100.00
4	(16) Extended hours supplemental license, per annum	\$2,060.00
5	(17) Hotel in-room license, per annum	\$210.00
6	(18) Air transporter license, per annum	\$520.00
7	(19) Sampling license, per annum	\$110.00
8	(20) Replacement or duplicate license	\$25.00
9	(21) Entertainment destination center license:	
10	(a) When the licensee is a city, county, urban-county government,	
11	consolidated local government, charter county government, or unified	
12	local government, per annum	
13	\$2,577.00
14	(b) All other licensees, per annum	\$7,730.00
15	(22) Limited restaurant license, per annum	\$780.00
16	(23) Limited golf course license, per annum	\$720.00
17	(24) Small farm winery wholesaler's license, per annum	\$110.00
18	(25) Qualified historic site license, per annum	\$1,030.00
19	(26) Nonquota type 1 license, per annum	\$4,120.00
20	(27) Nonquota type 2 license, per annum	\$830.00
21	(28) Nonquota type 3 license, per annum	\$310.00
22	(29) Distilled spirits and wine storage license, per annum	\$620.00
23	(30) Out-of-state distilled spirits and wine supplier's license,	
24	per annum	\$1, 550.00
25	(31) Limited out-of-state distilled spirits and	
26	wine supplier's license, per annum	\$260.00
27	(32) Authorized public consumption license, per annum	\$250.00

1 (33) Direct shipper license, per annum.....\$100.00

2 (34) Limited nonquota package license, per annum.....\$300.00

3 (35) Vintage distilled spirits license, per annum.....\$300.00

4 **(36)** A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new
5 transitional license pursuant to KRS 243.045.

6 ~~(37)~~[(36)] Other special licenses the board finds necessary for the proper regulation and
7 control of the traffic in distilled spirits and wine and provides for by administrative
8 regulation. In establishing the amount of license taxes that are required to be fixed
9 by the board, it shall have regard for the value of the privilege granted.

10 ~~(38)~~[(37)] The fee for each of the first five (5) supplemental bar licenses shall be the
11 same as the fee for the primary retail drink license. There shall be no charge for
12 each supplemental license issued in excess of five (5) to the same licensee at the
13 same premises.

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

18 ➔Section 10. KRS 243.110 is amended to read as follows:

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

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

27 (b) A brewery holding a license listed in KRS 243.040(5) or (8) shall not apply

1 for or hold a license listed in KRS 243.040(3) or (4).

2 (3) (a) The holder of a quota retail package license may also hold a quota retail drink
3 license, an NQ1 retail drink license, an NQ2 retail drink license, an NQ3 retail
4 drink license, or a special nonbeverage alcohol license.

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

7 (c) The holder of a distiller's license may also hold a rectifier's license, a special
8 nonbeverage alcohol license, a winery license, or a small farm winery license.

9 (d) A commercial airline system or charter flight system retail license, a
10 commercial airline system or charter flight system transporter's license, and a
11 retail drink license if held by a commercial airline or charter flight system
12 may be held by the same licensee.

13 (e) A Sunday retail drink license, vintage distilled spirits license, and
14 supplemental license may be held by the holder of a primary license.

15 (f) The holder of a distiller's, winery, small farm winery, brewer, microbrewery,
16 distilled spirits and wine supplier's, or malt beverage supplier's license may
17 also hold a direct shipper license.

18 (g) The holder of an NQ1 retail drink license, an NQ2 retail drink license, or a
19 limited restaurant license may also hold a limited nonquota package license.

20 (4) Any person may hold two (2) or more licenses of the same kind.

21 (5) A person or entity shall not evade the prohibition against applying for or holding
22 licenses of two (2) kinds by applying for a second license through or under the
23 name of a different person or entity. The state administrator shall examine the
24 ownership, membership, and management of applicants, and shall deny the
25 application for a license if the applicant is substantially interested in a person or
26 entity that holds an incompatible license.

27 ➔Section 11. KRS 243.200 is amended to read as follows:

- 1 (1) A transporter's license may be issued as a primary license to a motor carrier
2 authorized to transact business in the Commonwealth by the Transportation Cabinet
3 or the Federal Motor Carrier Safety Administration or to another person engaged in
4 business as a common carrier. A person holding a transporter's license may
5 transport alcoholic beverages to or from the licensed premises of any licensee under
6 this chapter to an individual consumer if both the consignor and consignee in each
7 case are authorized by the law of the states of their residence to sell, purchase,
8 deliver, ship, or receive the alcoholic beverages.
- 9 (2) A transporter may deliver or ship to consumers over twenty-one (21) years of age in
10 packages clearly marked "Alcoholic Beverages, adult signature (21 years of age or
11 over) required," and shall request adult-signature-only service from the carrier.
12 Deliveries or shipments of alcoholic beverages shall only be made into areas of the
13 state in which alcoholic beverages may be lawfully sold. When the shipper requests
14 adult-signature-only service, it shall be a violation for a common carrier not to
15 inspect government-issued identification for proof of age. No properly licensed
16 common carrier or any of its employees acting on behalf of a consignor in the
17 course and scope of a delivery or shipment of alcoholic beverages to a consumer
18 shall be liable for a violation of this subsection or any provision of KRS 242.250,
19 242.260, or 242.270 prohibiting the delivery or shipment of alcoholic beverages
20 into areas of the state in which alcoholic beverages are not lawfully sold.
- 21 (3) Except for a common carrier that has been assigned a USDOT number issued by the
22 Federal Motor Carrier Safety Administration, the holder of a transporter's license
23 shall cause each truck or vehicle to display the name of the licensee and the state
24 license numbers in a manner prescribed by an administrative regulation
25 promulgated by the board.
- 26 (4) Except for an application by a common carrier that has been assigned a USDOT
27 number issued by the Federal Motor Carrier Safety Administration, an application

1 for a transporter's license shall include a statement that the applicant, if issued a
2 license, shall allow any authorized investigators of the department to stop and
3 examine the cargo of any truck or vehicle in which alcoholic beverages are being
4 transported within the boundaries of the Commonwealth of Kentucky.

5 (5) A licensee may move, within the same county, alcoholic beverages from one (1) of
6 the licensee's licensed premises to another without a transporter's license. A
7 licensee may move alcoholic beverages from one (1) of the licensee's licensed
8 premises located in one (1) county to a licensed premises located in another county,
9 without a transporter's license, with prior written approval of the administrator for
10 good cause shown. The licensee shall keep and maintain, in one (1) of its licensed
11 premises, adequate books and records of the transactions involved in transporting
12 alcoholic beverages from one (1) licensed premises to another in accordance with
13 standards established in administrative regulations promulgated by the board. The
14 records shall be available to the department and the Department of Revenue upon
15 request.

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

23 ➔Section 12. KRS 243.232 is amended to read as follows:

24 (1) **A vintage distilled spirits license may be issued as a supplementary license to a**
25 **licensee that holds a primary license that permits the sale of distilled spirits by the**
26 **package or by the drink.**

27 (2) **A vintage distilled spirits licensee shall file a monthly report with the department,**

1 which shall be established and maintained by the department, utilizing a form
 2 prescribed by the department that includes the following information:

3 (a) The number of vintage distilled spirits packages purchased in the preceding
 4 thirty (30) days in total, with each purchase matched to the individual from
 5 whom the vintage distilled spirits were purchased;

6 (b) The date of each purchase;

7 (c) The name, address, and phone number of each individual from whom
 8 vintage distilled spirits were purchased;

9 (d) A detailed description of the vintage distilled spirits purchased, including
 10 the brand name and the size of the packages; and

11 (e) The number of vintage distilled spirits packages that the licensee has
 12 previously purchased from the same individual and the dates of those
 13 purchases.

14 (3) Vintage distilled spirits licensees shall purchase all vintage distilled spirits in
 15 person at its licensed premises, and at the time of purchase, the vintage distilled
 16 spirits licensee shall immediately place a conspicuous sticker, not readily
 17 removable, on the bottle or container that states "Vintage Distilled Spirit" [A
 18 ~~person holding a license to sell distilled spirits by the drink or by the package at~~
 19 ~~retail may sell vintage distilled spirits purchased from a nonlicensed person upon~~
 20 ~~written notice to the department in accordance with administrative regulations~~
 21 ~~promulgated by the department].~~

22 ~~(4)(2)~~ Vintage distilled spirits may be resold only:

23 (a) By the drink by a vintage distilled spirits licensee with~~person holding~~ a
 24 license to sell distilled spirits by the drink; and

25 (b) By the package by a vintage distilled spirits licensee with~~person holding~~ a
 26 license to sell distilled spirits by the package.

27 (5) A vintage distilled spirits licensee shall not purchase more than twenty-four (24)

1 vintage distilled spirits packages from any single vintage distilled spirits seller in
 2 any given twelve (12) month period.

3 (6) A vintage distilled spirits seller shall not sell more than twenty-four (24) vintage
 4 distilled spirit packages to any single or combination of vintage distilled spirits
 5 licensees in any given twelve (12) month period. A vintage distilled spirits seller
 6 who violates the provisions of this subsection shall be subject to the penalties set
 7 forth in Section 15 of this Act.

8 ~~[(3) Vintage distilled spirits may be sold or resold by the package by a person holding a~~
 9 ~~limited nonquota package license.~~

10 ~~(4) A vintage distilled spirits seller shall sell no more than twenty four (24) vintage~~
 11 ~~distilled spirits packages in any given twelve (12) month period.~~

12 ~~(5) Prior to selling vintage distilled spirits purchased from a vintage distilled spirits~~
 13 ~~seller to a consumer, a licensee shall provide notice of its purchase of the spirits to~~
 14 ~~the department. The notice shall contain the following information:~~

15 ~~(a) The name, address, state license number, and phone number of the licensee~~
 16 ~~purchasing vintage distilled spirits;~~

17 ~~(b) The name, address, and phone number of the vintage distilled spirits seller;~~

18 ~~(c) The brand name and quantity of each vintage distilled spirits package~~
 19 ~~purchased;~~

20 ~~(d) The date of the purchase; and~~

21 ~~(e) The number of packages that the licensee has previously purchased from the~~
 22 ~~same vintage distilled spirits seller and the dates of those purchases.]~~

23 ➔ Section 13. KRS 243.360 is amended to read as follows:

24 (1) (a) All persons shall, before applying for a license, advertise by publication their
 25 intention to apply for a license in the newspaper for legal notices~~[under KRS~~
 26 ~~424.120]~~ for the county or city whose local administrator has~~[local]~~
 27 jurisdiction over the proposed premises.

1 (b) An advertisement under this subsection may be made online or in print.

2 (c) The department may prescribe the form and content of the advertisement by
 3 an administrative regulation that is promulgated in accordance with KRS
 4 Chapter 13A.

5 (2) The requirements of subsection (1) of this section~~[This requirement]~~ shall not
 6 apply to an applicant for the same license for the same premises, or an applicant for
 7 any of the following licenses:

- 8 (a) Out-of-state malt beverage supplier's license;
- 9 (b) Limited out-of-state malt beverage supplier's license;
- 10 (c) Out-of-state distilled spirits and wine supplier's license;
- 11 (d) Limited out-of-state distilled spirits and wine supplier's license;
- 12 (e) Supplemental bar license;
- 13 (f) Extended hours supplemental license;
- 14 (g) Special agent or solicitor's license;
- 15 (h) Special nonbeverage alcohol license;
- 16 (i) Transporter's license;
- 17 (j) Special Sunday drink license;
- 18 (k) Hotel in-room license;
- 19 (l) Sampling license;
- 20 (m) Direct shipper license;~~[or]~~
- 21 (n) Special temporary drink license; or
- 22 (o) Vintage distilled spirits license.

23 (3)~~(2)~~ The notice shall contain the following information:

- 24 (a) The notice shall state: the name and address of the applicant and the name and
 25 address of each principal owner, partner, member, officer, and director if the
 26 applicant is a partnership, limited partnership, limited liability company,
 27 corporation, governmental agency, or other business entity recognized by law;

1 (b) The notice shall specifically state the location of the premises for which the
2 license is sought, the type of business, and the type of license being requested;
3 and

4 (c) The notice shall state the date the application will be filed and shall contain
5 the following statement: "Any person may protest the approval of the license
6 by writing the Department of Alcoholic Beverage Control within thirty (30)
7 days of the date of legal publication."

8 ~~(4)~~~~(3)~~ Any protest received after the thirty (30) day period has expired shall not be
9 considered a valid legal protest by the board.

10 ~~(5)~~~~(4)~~ Substantial compliance with the information listed in subsection ~~(3)~~~~(2)~~ of
11 this section shall be sufficient to comply with this section.

12 ➔Section 14. KRS 243.540 is amended to read as follows:

13 (1) The provisions of this section shall apply to any licensee who is unable to continue
14 in business at the licensed premises because of:

15 (a) An act of God;

16 (b) A casualty;

17 (c) An acquisition by a federal, state, city, or other governmental agency under
18 the power of eminent domain granted to the government or agency;

19 (d) A voluntary or involuntary acquisition by any corporation or other business
20 entity recognized by law through the power of eminent domain;

21 (e) A loss of lease because the landlord fails to renew an existing lease;

22 (f) Court action;

23 (g) Default under a security agreement;

24 (h) Default under a lease; or

25 (i) Other verifiable business reason.

26 (2) If a license issued by the department has been revoked, the former licensee may,
27 under the supervision of the state administrator, dispose of and transfer the former

1 licensee's stock to another licensee if the disposition is completed within ninety (90)
2 days and the licensee is a distiller, rectifier, winery, or brewer. The disposition shall
3 be completed within thirty (30) days if the licensee is a wholesaler or distributor or
4 within twenty (20) days if the licensee is a retailer.

5 (3) A retail licensee in good standing with the department who voluntarily ceases to
6 operate the licensed business for any reason other than revocation by the board or a
7 court order shall dispose of all alcoholic beverage inventory within thirty (30) days
8 of the event. The following requirements shall apply to the disposition of the
9 licensee's inventory:

10 (a) If the premises is still open to the public and the licensee has not yet
11 surrendered the license, the licensee shall sell alcoholic beverages only to the
12 public and shall not sell below costs;

13 (b) If a licensee has terminated the licensed business, the licensee shall submit a
14 written request for approval from the state administrator within ten (10) days
15 in advance of the sale to dispose of the licensee's remaining inventory. The
16 request shall identify the retailer who is purchasing the inventory, the
17 proposed date of the sale, and the quantity, types, and brands of alcohol to be
18 sold; and

19 (c) If a licensee has more than one (1) licensed retail premises and closes one (1)
20 or more retail premises and seeks to transfer the inventory to another licensed
21 retail premises the licensee owns, the licensee shall submit a request in
22 writing to the state administrator at least ten (10) days before the inventory is
23 transferred. The request shall identify the premises to which the alcohol is
24 being transferred, the proposed date of the transfer, and the quantity, types,
25 and brands of alcohol to be sold.

26 (4) If a licensee files for bankruptcy or is directed by a court to dispose of inventory to
27 satisfy a lien or judgment, the inventory may be sold only to a licensee holding any

1 license that authorizes the possession and sale of those alcoholic beverages. The
2 bankrupt licensee or the licensee subject to the court order shall notify the
3 department of the sale and shall attach a copy of the court order or the judgment
4 directing the sale and a list of the quantity, types, and brands of alcohol to be sold,
5 but if the licensee fails to do so, the notification may be made by the bankruptcy
6 trustee, the lienholder, or the judgment creditor. Any licensee who purchases the
7 inventory shall notify the department within five (5) days after the transfer of the
8 specific inventory sold.

9 (5) A secured creditor or landlord that is in possession, custody, or control of any
10 alcoholic beverages owned by a licensee may dispose of those alcoholic beverages
11 through the department's public auction as authorized by subsection (6) of this
12 section or in the following manner:

13 (a) The secured creditor or landlord shall submit a written request for approval
14 from the state administrator, within twenty (20) days in advance of the sale or
15 destruction of the licensee's remaining inventory. The request shall identify
16 the:

- 17 1. Licensee who is purchasing the inventory or the business to destroy the
18 inventory;
- 19 2. Proposed date of the sale or destruction; and
- 20 3. Quantity, types, and brands of alcohol to be sold or destroyed;

21 (b) The proposed transferee or transferees may be any person or persons holding
22 any license that authorizes the possession and sale of those alcoholic
23 beverages, or a business authorized to dispose of alcoholic beverages;

24 (c) A copy of the written request shall be mailed by the department to the
25 licensee's registered agent or last known address on file with the department
26 by certified mail. Within ten (10) days after the department's mailing of this
27 request, the licensee shall file with the department and applicant any objection

1 the licensee has to the request, or be permanently barred from objecting; and

2 (d) If a sale is approved, the licensee who purchases the inventory shall notify the
3 department within five (5) days after the transfer of that specific inventory.

4 (6) The board may promulgate administrative regulations for additional means for the
5 transfer or disposal of alcoholic beverage inventory, **including procedures to allow**
6 **the board to dispose of the inventory through public auction if:**

7 **(a) A final order relating to those alcoholic beverages has been entered after all**
8 **administrative and judicial proceedings are conducted, if applicable;**

9 **(b) The entire proceeds of the public auction are donated to the alcohol**
10 **wellness and responsibility education fund established in Section 17 of this**
11 **Act; and**

12 **(c) The board deems the inventory safe to release to the public, including but**
13 **not limited to the alcoholic beverages being in their original, unopened**
14 **packaging.**

15 ➔Section 15. KRS 243.990 is amended to read as follows:

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

22 (2) Any person who, by himself or herself or through another, directly or indirectly,
23 violates subsection (1) of KRS 243.020 shall, for the first offense, be guilty of a
24 Class B misdemeanor; for the second offense, he or she shall be guilty of a Class A
25 misdemeanor; and for the third and each subsequent offense, he or she shall be
26 guilty of a Class D felony.

27 (3) Any person who violates subsection (3) of KRS 243.020 shall be guilty of a

1 violation.

2 (4) Any person who violates KRS 243.620 with respect to a license issued under KRS
3 243.050 or 243.082 shall be guilty of a violation.

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

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

8 (7) In every case, any tax imposed by KRS 243.710 to 243.720 which is not paid on or
9 before the due date shall bear interest at the tax interest rate as defined in KRS
10 131.010(6) from the due date until the date of payment.

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

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

18 **(10) Any vintage distilled spirits seller who, by himself or herself or acting through**
19 **another, directly or indirectly, violates any of the provisions of subsection (6) of**
20 **Section 12 of this Act shall:**

21 **(a) For the first offense, be guilty of a Class A misdemeanor; and**

22 **(b) For the second and each subsequent offense, be guilty of a Class D felony.**

23 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 244 IS CREATED TO
24 READ AS FOLLOWS:

25 **(1) (a) When the department seizes alcoholic beverages, within fourteen (14) days**
26 **of the seizure it shall provide the licensee with notice of the violations that**
27 **formed the basis for the seizure under KRS Chapters 241 to 244.**

1 (b) If the department fails to properly provide this notice, the seized alcoholic
 2 beverages shall be returned to the licensee.

3 (c) If the department provides proper notice, the licensee may request a hearing
 4 before the board in accordance with KRS Chapter 13B to determine if the
 5 seizure was justified.

6 (2) An aggrieved party may appeal the board's final order in the Circuit Court of the
 7 county where the seizure occurred.

8 ➔Section 17. KRS 211.285 is amended to read as follows:

9 (1) There is hereby created the alcohol wellness and responsibility education~~[malt~~
 10 ~~beverage educational]~~ fund, which shall provide moneys on a matching basis for
 11 educational information and materials that deter or eliminate underage drinking.
 12 The fund shall consist of moneys generated from one percent (1%) of the excise tax
 13 collected from the sale and distribution of malt beverages under KRS 243.720,~~[f~~
 14 ~~and]~~ one percent (1%) of the wholesale tax collected from distributors of malt
 15 beverages and microbreweries under KRS 243.884, and all proceeds from public
 16 auctions conducted by the Alcoholic Beverage Control Board under Sections 2
 17 and 14 of this Act.

18 (2) The alcohol wellness and responsibility education~~[malt beverage educational]~~ fund
 19 shall be established in the State Treasury as a trust and agency~~[revolving]~~ account
 20 under KRS 45.253. Moneys in the account shall be distributed by the State
 21 Treasurer to the Alcohol Wellness and Responsibility Education~~[Malt Beverage~~
 22 ~~Educational]~~ Corporation, a nonprofit organization that is organized under the laws
 23 of this state, upon the authorization of the secretary of the Public Protection
 24 ~~Cabinet~~~~[for Health and Family Services]~~. The moneys shall be awarded to the
 25 corporation solely to fund educational programs to deter or eliminate underage
 26 drinking and promote alcohol responsibility measures.

27 (3) The secretary of the Public Protection ~~Cabinet~~~~[for Health and Family Services]~~

1 shall authorize that moneys from the fund be disbursed to the corporation upon the
 2 secretary's receipt of a certification from the corporation showing the moneys the
 3 corporation has received from malt beverage distributors, microbreweries, auctions,
 4 and other private sources since the last certification. The moneys disbursed from the
 5 fund shall be equal to the contributions that the corporation has received from its
 6 members and other private sources during that period. The moneys in the fund shall
 7 be disbursed in accordance with a schedule established by the secretary, and shall
 8 be disbursed until the moneys in the fund are exhausted or until the moneys in the
 9 fund lapse in accordance with subsection (4) of this section, whichever comes first.

10 (4) Moneys that are credited to the fund and not issued to the corporation shall lapse at
 11 the end of the fiscal year and shall be returned to the general fund.

12 (5) As a condition of receiving the governmental funds, the corporation's board of
 13 directors shall include the following among its directors:

14 (a) All duly elected statewide constitutional officers or designees~~{The Governor~~
 15 ~~or his or her designee}~~;

16 (b)~~{The Attorney General or his or her designee}~~;

17 (c)~~{The President of the Senate or his or her designee}~~, who shall serve as a
 18 nonvoting member;

19 (d)~~{The Speaker of the House or his or her designee}~~, who shall serve as a
 20 nonvoting member;

21 (e)~~{The secretary of the Public Protection Cabinet for Health and Family~~
 22 ~~Services} or his or her designee; and~~

23 (f)~~{The commissioner of the Department of Alcoholic Beverage Control or~~
 24 ~~his or her designee}~~;

25 (g) A representative of the malt beverage industry submitted by the Kentucky
 26 Beer Wholesalers' Association;

27 (h) A representative of the malt beverage industry submitted by the Kentucky

1 **Malt Beverage Council; and**
 2 **(h) A representative of the distilled spirits industry submitted by the Kentucky**
 3 **Distillers' Association.**

4 (6) All expenditures of moneys from the fund shall be approved by a majority of those
 5 persons set out in subsection (5)(a) **and (d)** to **(h)**~~[(f)]~~ of this section. If the moneys
 6 from the fund are not expended in their entirety, any moneys that remain unused by
 7 the corporation at the end of the fiscal year shall be returned to the general fund.

8 (7) Any moneys from the fund that are not expended shall be returned to the general
 9 fund upon the dissolution of the corporation.

10 (8) **The Alcohol Wellness and Responsibility Education Corporation may accept**
 11 **applications for grants by Kentucky high schools, colleges and universities, and**
 12 **other entities that promote alcohol responsibility, and the board of directors shall**
 13 **develop criteria for the awarding of any funds by application.**

14 **(9)** Any high school in the Commonwealth of Kentucky that was registered with the
 15 Department of Education as of July 1, **2024**~~[(1997)]~~, may make an application to the
 16 **Alcohol Wellness and Responsibility Education**~~[(Malt Beverage Education)]~~
 17 Corporation by February 28 of each year and shall be granted a minimum of **one**
 18 **thousand**~~[(five hundred)]~~ dollars **(\$1,000)**~~[((\$500)]~~ annually from the funds
 19 contributed by the **alcohol wellness and responsibility education**~~[(malt beverage~~
 20 ~~education)]~~ fund for the single purpose of supporting "Project Graduation" events.

21 ➔Section 18. KRS 242.125 is amended to read as follows:

22 (1) A city shall not be deemed to be the "same territory" as that of a county within the
 23 meaning of KRS 242.030(3). A city shall have the right to determine its wet or dry
 24 status separate from a county's wet or dry status.

25 (2) A dry or moist city may hold a local option election to take the sense of the city
 26 residents for establishing the city as a wet territory. If the majority of the votes are
 27 in favor of establishing the city as a wet territory, the whole city shall become wet

- 1 territory by application of KRS 242.200. A moist city that becomes wet under this
2 section shall retain its moist status and have dual status as both wet and moist.
- 3 (3) Once a city becomes wet under this section separate from the county, a countywide
4 local option election establishing the county as dry territory shall not cause the city
5 to become dry territory.
- 6 (4) Once a city becomes wet under this section separate from a county, a countywide
7 local option election establishing the county as moist territory shall cause the city to
8 have dual status as both wet and moist.
- 9 (5) A wet city may hold a local option election to take the sense of the city residents for
10 establishing the city as dry or moist territory. If the majority of the votes are in
11 favor of establishing the city as dry, the whole city shall become dry by application
12 of KRS 242.190. A wet city that becomes moist under this section shall retain its
13 wet status and have dual status as both wet and moist.
- 14 (6) If a city votes to become wet territory, a precinct of the city may hold a later
15 election in conformity with this chapter to take the sense of the city precinct
16 residents for establishing the city precinct as a dry or moist territory. If the majority
17 of the votes are in favor of establishing the city precinct as a dry or moist territory,
18 the city precinct shall become dry or moist territory by application of KRS 242.190.
- 19 (7) If a city precinct becomes dry or moist territory separate from a wet city, the city
20 precinct may hold a later election in conformity with this chapter, to take the sense
21 of the city precinct residents for reestablishing the city precinct as a wet territory. If
22 the majority of the votes are in favor of reestablishing the city precinct as a wet
23 territory, the city precinct shall become wet territory by application of KRS
24 242.200.
- 25 (8) A dry or moist county containing a wet city may hold a local option election to take
26 the sense of the county residents for establishing the county as a wet territory. If the
27 majority of the votes are in favor of establishing the county as a wet territory, the

1 whole county shall become wet territory by application of KRS 242.200.

2 (9) A wet county containing a wet city by separate city election under this section may
3 hold a local option election to take the sense of the county residents for establishing
4 the county as a dry or moist territory. If the majority of the votes are in favor of
5 establishing the county as a dry territory, the county territory outside the separately
6 wet city limits shall become dry by application of KRS 242.190. If the majority of
7 the votes are in favor of establishing the county as moist territory, both the county
8 and city shall retain their wet status and have dual status as both wet and moist.

9 (10) Residents of any city, including a separately wet city, are residents of the county,
10 and shall therefore be permitted to sign any petitions for, and vote in, county local
11 option elections.

12 (11) A petition seeking a wet local option election under this section shall state "We the
13 undersigned registered voters hereby petition for an election on the following
14 question: 'Are you in favor of the sale of alcoholic beverages in (name of county,
15 city, or precinct)?"

16 (12) In any wet local option election under this section, the form of the proposition to be
17 voted upon shall be: "Are you in favor of the sale of alcoholic beverages in (name
18 of county, city, or city precinct)?"

19 (13) The status of any moist territory approving limited alcoholic beverage sales through
20 a previous election held under KRS 242.022, 242.123, 242.1238, 242.124,
21 242.1242, 242.1243, 242.1244, Section 7 of this Act, and 242.1292, or any other
22 limited local option election, shall not be affected by any outcome of any wet
23 election held under this section. A territory's wet or moist status may only be
24 changed to dry status by a local option election in which the majority of the votes
25 are not in favor of the original same wet or moist election proposition.

26 ➔Section 19. Whereas it is crucial to support Kentucky businesses in today's
27 rapidly changing economy, an emergency is declared to exist, and this Act takes effect

- 1 upon its passage and approval by the Governor or upon its otherwise becoming a law.