

1 AN ACT relating to alcohol retail premises.

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

3 ➔Section 1. KRS 243.034 is amended to read as follows:

- 4 (1) A limited restaurant license may be issued to an establishment meeting the
5 definition criteria established in KRS 241.010(37) as long as the establishment is
6 within:
- 7 (a) Any wet territory; or
 - 8 (b) Any moist precinct that has authorized the sale of alcoholic beverages under
9 KRS 242.1244.
- 10 (2) A limited restaurant license shall authorize the licensee to purchase, receive,
11 possess, and sell alcoholic beverages at retail by the drink for consumption on the
12 licensed premises or off-premises consumption pursuant to KRS 243.081. The
13 licensee shall purchase alcoholic beverages only from licensed wholesalers or
14 distributors, **except for purchases made pursuant to subsection (5) of this section.**
15 The license shall not authorize the licensee to sell alcoholic beverages by the
16 package.
- 17 (3) The holder of a limited restaurant license shall maintain at least seventy percent
18 (70%) of its gross receipts from the sale of food and maintain the minimum
19 applicable seating requirement required for the type of limited restaurant license.
- 20 (4) A limited restaurant as defined by KRS 241.010(37)(a) shall:
- 21 (a) Only sell alcoholic beverages incidental to the sale of a meal; and
 - 22 (b) Not have an open bar and shall not sell alcoholic beverages to any person who
23 has not purchased or does not purchase a meal.
- 24 **(5) (a) The holder of a limited restaurant license may purchase alcoholic beverages**
25 **by the package from licensees authorized to sell distilled spirits, wine, and**
26 **malt beverages at retail, but only if those alcoholic beverages have first gone**
27 **through the three (3) tier system.**

1 **(b) Any purchase made pursuant to this subsection shall:**

2 **1. Only be sold by the drink for consumption on the licensed premises or**
3 **off-premises consumption pursuant to KRS 243.081;**

4 **2. Be reported quarterly on a form prescribed by the department; and**

5 **3. Include a copy of each receipt of purchase.**

6 **(c) The holder of a limited restaurant license shall not purchase at retail more**
7 **than:**

8 **1. Nine (9) liters of distilled spirits per month;**

9 **2. Nine (9) liters of wine per month; and**

10 **3. Three (3) cases of malt beverages per month.**

11 ➔Section 2. KRS 243.084 is amended to read as follows:

12 (1) A "Nonquota type 2" or "NQ2" retail drink license may be issued to an applicant
13 operating as, or in:

14 (a) A hotel that:

15 1. Contains at least fifty (50) sleeping units; and

16 2. Receives from its total food and alcoholic beverage sales at least fifty
17 percent (50%) of its gross receipts from the sale of food;

18 (b) A restaurant;

19 (c) An airport;

20 (d) A riverboat;

21 (e) A distiller; or

22 (f) A business located within, or adjacent to, an entertainment destination center
23 licensed premises.

24 (2) A holder of an NQ2 retail drink license may purchase, receive, possess, and sell
25 alcoholic beverages at retail by the drink for consumption on the licensed premises
26 or off-premises consumption pursuant to KRS 243.081. The licensee shall purchase
27 alcoholic beverages only from licensed wholesalers or distributors, **except for**

1 purchases made by restaurants pursuant to subsection (4) of this section. A
 2 distiller may purchase its own products for retail drink sales under KRS 243.0305.
 3 The holder of an NQ2 retail drink license shall store alcoholic beverages in the
 4 manner prescribed in KRS 244.260.

- 5 (3) (a) To qualify for an NQ2 license, a riverboat shall have a regular or alternative
 6 place of mooring in a wet county or city of this state.
 7 (b) If a riverboat moors or makes landfall in a location other than its regular or
 8 alternate regular place of mooring, all alcoholic beverages shall be kept
 9 locked.
 10 (c) A riverboat licensed under this subsection shall not take on or discharge
 11 passengers when mooring or making landfall in dry option territory.

12 (4) (a) A holder of an NQ2 retail drink license operating as a restaurant may
 13 purchase alcoholic beverages by the package from licensees authorized to
 14 sell distilled spirits, wine, and malt beverages at retail, but only if those
 15 alcoholic beverages have first gone through the three (3) tier system.

16 (b) Any purchase made pursuant to this subsection shall:

- 17 1. Only be sold by the drink for consumption on the licensed premises or
 18 off-premises consumption pursuant to KRS 243.081;
 19 2. Be reported quarterly on a form prescribed by the department; and
 20 3. Include a copy of each receipt of purchase.

21 (c) A holder of an NQ2 retail drink license shall not purchase at retail more
 22 than:

- 23 1. Nine (9) liters of distilled spirits per month;
 24 2. Nine (9) liters of wine per month; and
 25 3. Three (3) cases of malt beverages per month.

26 ➔Section 3. KRS 243.250 is amended to read as follows:

27 (1) A quota retail drink license shall authorize the licensee to purchase, receive,

1 possess, and sell distilled spirits and wine at retail by the drink for consumption on
 2 the licensed premises, or off-premises consumption pursuant to KRS 243.081. The
 3 licensee shall purchase distilled spirits and wine only from licensed wholesalers,
 4 except for purchases made pursuant to subsection (2) of this section.

5 (2) (a) The holder of a quota retail drink license may purchase distilled spirits and
 6 wine by the package from licensees authorized to sell distilled spirits and
 7 wine at retail, but only if those distilled wine and spirits have first gone
 8 through the three (3) tier system.

9 (b) Any purchase made pursuant to this subsection shall:

- 10 1. Only be sold by the drink for consumption on the licensed premises or
- 11 off-premises consumption pursuant to KRS 243.081;
- 12 2. Be reported quarterly on a form prescribed by the department; and
- 13 3. Include a copy of each receipt of purchase.

14 (c) The holder of a quota retail drink license shall not purchase at retail more
 15 than:

- 16 1. Nine (9) liters of distilled spirits per month; and
- 17 2. Nine (9) liters of wine per month.

18 ➔Section 4. KRS 243.088 is amended to read as follows:

19 (1) A "Nonquota type 4" or "NQ4" retail malt beverage drink license may be issued to
 20 the holder of a quota retail drink license, microbrewery license, small farm winery
 21 license, or any other business wishing to sell malt beverages by the drink for
 22 consumption on the premises only.

23 (2) An NQ4 retail malt beverage drink license shall authorize the licensee to:

- 24 (a) Sell malt beverages at retail by the drink from only the licensed premises for
 25 consumption at the licensed premises only; and
- 26 (b) Purchase malt beverages only from a distributor, except for purchases made
 27 pursuant to subsection (5) of this section.

1 (3) The holder of an NQ4 retail malt beverage drink license may also hold a nonquota
2 retail malt beverage package license.

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

10 **(5) (a) The holder of an NQ4 retail malt beverage drink license may purchase malt**
11 **beverages by the package from licensees authorized to sell malt beverages at**
12 **retail, but only if those malt beverages have first gone through the three (3)**
13 **tier system.**

14 **(b) Any purchase made pursuant to this subsection shall:**

15 **1. Only be sold by the drink for consumption on the licensed premises;**

16 **2. Be reported quarterly on a form prescribed by the department; and**

17 **2. Include a copy of each receipt of purchase.**

18 **(c) The holder of an NQ4 retail malt beverage drink license shall not purchase**
19 **at retail more than three (3) cases of malt beverages per month.**

20 ➔Section 5. KRS 244.590 is amended to read as follows:

21 (1) No brewer or distributor shall induce through any of the following means any
22 retailer selling malt beverages by the package or drink to purchase any malt
23 beverages from that brewer or distributor to the exclusion in whole or in part of
24 malt beverages sold or offered for sale by other persons:

25 (a) By acquiring or holding, after the expiration of any existing license, any
26 interest in any license with respect to the premises of the retailer;

27 (b) By acquiring any interest in real or personal property owned, occupied, or

- 1 used by the retailer in the conduct of the retailer's business;
- 2 (c) By furnishing, giving, renting, lending, or selling to the retailer, any
3 equipment, fixtures, signs, supplies, money, services, or other things of value,
4 except as the malt beverages administrator, having regard for the public
5 health, the quantity and value of the articles involved, the prevention of
6 monopoly, and the practice of deception, may permit through the
7 promulgation of an administrative regulation;
- 8 (d) By paying or crediting the retailer for any advertising, display, or distribution
9 service subject to the exceptions that the board may permit through the
10 promulgation of an administrative regulation;
- 11 (e) By guaranteeing any loan or the repayment of any financial obligation of the
12 retailer; or
- 13 (f) By requiring the retailer to take and dispose of a certain quota of any malt
14 beverages.
- 15 (2) Notwithstanding any provisions in KRS Chapters 241 to 244 and this section, a
16 brewer or distributor may ~~[-~~:
- 17 ~~(a) —] give, rent, loan, or sell to any retailer selling malt beverages by the package
18 or drink signs, posters, placards, designs, devices, decorations, or graphic
19 displays bearing advertising matter and for use in windows or elsewhere in the
20 interior of a retail malt beverage establishment~~[- and~~~~
- 21 ~~(b) —] Provide or furnish draught line cleaning or coil cleaning service to a nonquota
22 retail malt beverage package licensee either directly or indirectly with the
23 consent of the distributor].~~
- 24 (3) A retailer shall not require or demand that a brewer or distributor violate this
25 section.
- 26 (4) Sampling events conducted under KRS 243.0307(2)(d) shall not be a violation of
27 this section.