

1 AN ACT relating to the regulation of psychoactive substances.

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

3 ➔SECTION 1. KRS CHAPTER 239 IS ESTABLISHED AND A NEW  
4 SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

5 *As used in this chapter, unless the context requires otherwise:*

6 *(1) "Board" means the State Regulated Products Control Board;*

7 *(2) "Cannabinoid" means a compound found in the hemp plant Cannabis sativa L.*  
8 *from a United States Department of Agriculture sanctioned domestic hemp*  
9 *production program or a Kentucky sanctioned hemp-derived cannabinoid*  
10 *product program;*

11 *(3) "Cannabis":*

12 *(a) Means marijuana as defined in Section 23 of this Act when cultivated,*  
13 *harvested, processed, produced, transported, dispensed, distributed, sold,*  
14 *possessed, or used in accordance with this chapter;*

15 *(b) Includes cannabis products; and*

16 *(c) Does not include:*

17 *1. Industrial hemp or industrial hemp products;*

18 *2. Hemp-derived cannabinoids; and*

19 *3. Medicinal cannabis as defined in Section 24 of this Act;*

20 *(4) "Cannabis-infused beverage":*

21 *(a) Means a properly permitted adult-use cannabinoid liquid product intended*  
22 *for human consumption that has intoxicating properties that change the*  
23 *function of the nervous system and results in alterations of perception,*  
24 *cognition, or behavior;*

25 *(b) Shall not contain more than five (5) milligrams of adult-use cannabinoids*  
26 *per twelve (12) ounce serving, within a twenty percent (20%) variance or a*  
27 *variance established by the department, whichever is lower; and*

1        (c) Shall not include:

2                1. Medicinal cannabis defined in Section 24 of this Act

3                2. Any type of hemp tincture; and

4                3. Any product containing solely nonintoxicating cannabinoids;

5        (5) "Commissioner" means the Commissioner of the Department of Psychoactive  
6                Substances;

7        (6) "Cultivating" means planting, growing, and harvesting a plant or crop;

8        (7) "Department" means the Department of Psychoactive Substances established in  
9                Section 2 of this Act;

10        (8) "Final hemp-derived cannabinoid product":

11                (a) Means any final product derived from hemp that:

12                        1. Contains cannabinoids in any form; and

13                        2. Is intended for human or animal use through any means of  
14                                application or administration, such as inhalation, ingestion, or topical  
15                                application; and

16                (b) Shall not include:

17                        1. Hemp cigarettes;

18                        2. Hemp cigars;

19                        3. Chew, dip, or other smokeless material consisting of hemp leaf  
20                                material or hemp floral material; and

21                        4. Hemp leaf material or floral material teas;

22        (9) "Hemp":

23                (a) Means the plant Cannabis sativa L. and any part of that plant, including the  
24                        seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids,  
25                        salts, and salts of isomers, whether growing or not, with a total  
26                        tetrahydrocannabinols concentration, including tetrahydrocannabinolic  
27                        acid, concentration of not more than three-tenths of one percent (0.3%) on

1 a dry weight basis; and

2 (b) Does not include medicinal cannabis as defined in Section 24 of this Act;

3 (10) "Hemp-derived cannabinoid product" means any intermediate hemp-derived  
4 cannabinoid product or final hemp-derived cannabinoid product;

5 (11) "Hemp products" or "industrial hemp products":

6 (a) Means products derived from, or made by, processing hemp plants or plant  
7 parts; and

8 (b) Does not include medicinal cannabis products as defined in Section 24 of  
9 this Act;

10 (12) "Industrial hemp" means hemp:

11 (a) Grown for the use of the stalk of the plant, fiber produced from such a stalk,  
12 or any other non-cannabinoid derivative, mixture, preparation, or  
13 manufacture of such a stalk;

14 (b) Grown for the use of the whole grain, oil, cake, nut, hull, or any other non-  
15 cannabinoid compound, derivative, mixture, preparation, or manufacture of  
16 the seeds of such plant;

17 (c) Grown for purposes of producing microgreens or other edible hemp leaf  
18 products intended for human consumption that are derived from an  
19 immature hemp plant that is grown from seeds that do not exceed a total  
20 tetrahydrocannabinols concentration, including tetrahydrocannabinolic  
21 acid, of three-tenths of one percent (0.3%) in the plant on a dry weight  
22 basis;

23 (d) That does not enter the stream of commerce and is intended to support  
24 hemp research at an institution of higher education or an independent  
25 research institute; or

26 (e) Grown for the use of a viable seed of the plant produced solely for the  
27 production or manufacture of any material described in paragraphs (a)

1 through (d) of this subsection;

2 (13) "Intermediate hemp-derived product" means a hemp-derived cannabinoid  
3 product that is:

4 (a) Not yet in the final form or preparation marketed or intended to be used or  
5 consumed by a human or animal; or

6 (b) A powder, liquid, tablet, oil, or other product form which is intended or  
7 marketed to be mixed, dissolved, formulated, or otherwise added to or  
8 prepared with or into any other substance prior to administration or  
9 consumption;

10 (14) "Kentucky sanctioned hemp-derived cannabinoid product program" means a  
11 state regulatory framework established under this chapter that oversees the legal  
12 processing, testing, distribution, and retail sales of hemp-derived cannabinoid  
13 products;

14 (15) "License" means any license issued under this chapter;

15 (16) "Licensee" means any holder of a license issued by the department under this  
16 chapter;

17 (17) "Marketing" means promoting or selling a product within the Commonwealth, in  
18 another state, or outside of the United States. Marketing includes efforts to  
19 advertise and gather information about the needs or preferences of potential  
20 consumers or suppliers, but shall not include these actions if they are part of  
21 legitimate scholarly research or studies;

22 (18) "Premises" means the land, buildings, and vehicles in which any business  
23 regulated by this chapter is operated or performed;

24 (19) "Processing" means converting an agricultural commodity into a marketable  
25 form;

26 (20) "Regulated adult-use product" means any product meant for human  
27 consumption that:

- 1        (a) Has intoxicating properties that change the function of the nervous system  
2                    and results in alterations of perception, cognition, or behavior;
- 3        (b) May be lawfully produced, distributed, sold, given away, and consumed in  
4                    Kentucky;
- 5        (c) Includes but is not limited to a solid, liquid, or gas containing cannabinoids,  
6                    kratom, kava, psychoactive mushrooms, or other lawful adult-use products  
7                    as determined by the department;
- 8        (d) Is regulated by the department;
- 9        (e) Is not an alcoholic beverage as defined by Section 26 of this Act; and
- 10       (f) Is not an industrial hemp product;
- 11       (21) "Regulated product" means any product regulated by the department under this  
12                    chapter, including nonintoxicating products and products not meant for human  
13                    consumption. Regulated products include regulated adult-use products;
- 14       (22) "Regulated product business establishment" means a business involved in the  
15                    regulated products industry that is licensed by the department in this chapter;
- 16       (23) "THC" means Delta-9 tetrahydrocannabinol, Delta-8 tetrahydrocannabinol,  
17                    Delta-10 tetrahydrocannabinol, and the optical isomer of these substances;
- 18       (24) "Total Tetrahydrocannabinol" means the sum of delta-9 tetrahydrocannabinol  
19                    (delta-9 THC) and 87.7% of the delta-9 tetrahydrocannabinolic acid (THCA)  
20                    concentration;
- 21       (25) "University" means an accredited institution of higher education located in the  
22                    Commonwealth; and
- 23       (26) "Wet" has the same meaning as in KRS 241.010.

24       ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
25 READ AS FOLLOWS:

- 26       (1) There is established within the Public Protection Cabinet the Department of  
27                    Psychoactive Substances. The department shall be responsible for the oversight,

1 regulation, and enforcement of the possession, production, processing, testing,  
2 packaging, transportation, marketing, sale, and use in the Commonwealth of  
3 regulated products and regulated adult-use products. In fulfilling these duties  
4 and responsibilities, the department may exercise the powers and duties  
5 authorized in this chapter.

6 (2) The department shall administer statutes relating to, and regulate traffic in,  
7 regulated products and regulated adult-use products, except that the collection of  
8 taxes shall be administered by the Department of Revenue.

9 (3) The department shall be headed by a commissioner appointed by the Governor.  
10 The commissioner shall serve for a term of three (3) years and may be  
11 reappointed. The commissioner shall have at least five (5) years of demonstrated  
12 experience or expertise in the direct management, supervision, and operation of a  
13 business. Once appointed, the commissioner may be removed during his or her  
14 term only for good cause and with appropriate notice.

15 (4) The department shall establish a Regulated Products Control Board, which shall  
16 consist of the commissioner of the department and two (2) persons appointed by  
17 the secretary of the Public Protection Cabinet with approval of the Governor, one  
18 (1) of whom shall be a person with administrative experience in the field of hemp  
19 control. One (1) of these persons shall serve as administrator of the Division of  
20 Hemp, and the other shall serve as administrator of the Division of Kratom. The  
21 commissioner shall serve as the board chair.

22 (5) Specific functions, powers, and duties of the department and the commissioner  
23 include but are not limited to:

24 (a) Through the Regulated Products Control Board, promulgating reasonable  
25 administrative regulations in accordance with KRS Chapter 13A governing  
26 procedures relating to the applications for and granting, denial, or  
27 revocation of licenses, the supervision and control of the use, manufacture,

- 1           sale, transportation, storage, marketing, and trafficking of regulated  
2           products, and all other matters over which the board has jurisdiction;
- 3           (b) Maintaining records of all licenses and permits issued and revoked within  
4           the state. These records shall be current and shall include the identity of all  
5           licensees, including the names of the officers and directors of corporate  
6           licensees and the location of all licensed premises;
- 7           (c) Inspecting or providing for the inspection of any premises where regulated  
8           products are cultivated, produced, tested, packaged, transported, or sold;
- 9           (d) Prescribing forms of applications for licenses and permits under this  
10           chapter;
- 11           (e) Delegating the powers granted in this section to other officers or employees  
12           as determined by the commissioner;
- 13           (f) Exercising the powers and performing the duties relating to the  
14           administration of this chapter, including but not limited to budgetary and  
15           fiscal matters;
- 16           (g) Entering into contracts, memoranda of understanding, and agreements to  
17           effectuate the policy and purpose of this chapter;
- 18           (h) Coordinating across state agencies and departments in order to research  
19           and study any changes in regulated product use and the impact that  
20           regulated product use and the regulated product industries may have on  
21           access to regulated products, public health, and public safety; and
- 22           (i) Issuing guidance and industry advisories.
- 23           (6) A Division of Hemp, under the supervision of the board, shall administer the laws  
24           in relation to traffic in cannabinoids.
- 25           (7) A Division of Kratom, under the supervision of the board, shall administer the  
26           laws in relation to the traffic in kratom.
- 27           (8) The board may establish additional divisions for controlling regulated products

1 and regulated adult-use products, under the supervision of the board, if the board  
2 deems it necessary to administer the laws relating to the traffic in regulated  
3 products and regulated adult-use products.

4 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
5 READ AS FOLLOWS:

6 (1) The department shall have broad authority to establish the conditions under  
7 which regulated products and regulated adult-use products are possessed,  
8 produced, processed, tested, packaged, transported, marketed, sold, and used by  
9 adults in the Commonwealth, including but not limited to the following powers  
10 and duties:

11 (a) Promulgate administrative regulations in accordance with KRS Chapter  
12 13A to implement this chapter;

13 (b) Establish the number of licenses that may be issued within the following  
14 licensing categories:

15 1. Processing and manufacturing;

16 2. Testing;

17 3. Distribution;

18 4. Retail sales;

19 5. Special events;

20 6. Retail consumption;

21 7. Transportation;

22 8. Direct shipper licenses; and

23 9. Any other category deemed necessary and as authorized under this  
24 chapter;

25 (c) Establish jurisdictional, space, and other requirements relating to the  
26 issuance of licenses;

27 (d) Establish limitations on the number of licenses that may be held by any

- 1 person, except that a person shall not hold more than two (2) different  
2 license types, and the holder of a testing license shall not hold any other  
3 type of license. The department shall use its licensing authority to prevent  
4 monopolies and concentration of ownership among a few regulated product  
5 or regulated adult-use product business entities, favoring instead a broad  
6 array of licensed regulated product and regulated adult-use product  
7 business entities with different ownership;
- 8 (e) Grant, suspend, revoke, and deny licenses;
- 9 (f) Establish product standards and requirements, including the types, forms,  
10 and concentration of products that may be processed and sold;
- 11 (g) Limit or prohibit, in the event of a declared emergency, and without  
12 previous notice or advertisement, the processing, transportation, testing, or  
13 sale of any regulated products and regulated adult-use products during the  
14 period of the declared emergency;
- 15 (h) Enforce this chapter; and
- 16 (i) Hold hearings, subpoena witnesses, compel witness attendance, administer  
17 oaths, examine any person under oath, and require the production of books  
18 and records relative to an inquiry.
- 19 (2) The department shall promulgate administrative regulations in accordance with  
20 KRS Chapter 13A for both regulated products and regulated adult-use products  
21 that:
- 22 (a) Establish requirements for secure transportation between business  
23 establishments;
- 24 (b) Establish sanitary standards for retail preparation;
- 25 (c) Establish testing programs;
- 26 (d) Establish requirements for health and safety warning labels to be placed on  
27 regulated products and regulated adult-use products to be sold or offered

1 for sale to a consumer;

2 (e) Establish a scale of registration, licensing, and renewal fees, based upon the  
3 cost of enforcing this chapter and the size and category of the business  
4 being licensed, as follows:

5 1. The department shall charge each person seeking a license an  
6 application fee, and shall establish initial licensing and renewal fees;

7 2. Fees may vary depending upon the nature and scope of the activities  
8 licensed;

9 3. The total registration and licensing fees assessed under this chapter  
10 shall be set at an amount that will generate sufficient total revenue to,  
11 at a minimum, fully cover the total costs of administering this chapter;  
12 and

13 4. All registration and licensure fees shall be set on a scaled basis by the  
14 department, and shall be established based on the size and capacity of  
15 the business. For social and economic equity applicants these fees may  
16 be assessed to accomplish the goals of this chapter;

17 (f) Establish requirements for the form, content, and all records and accounts  
18 by licensees;

19 (g) Establish reporting requirements;

20 (h) Set appropriate dosage, potency, concentration, packaging, content, and  
21 serving size limits and delineate requirements for regulated products and  
22 regulated adult-use products;

23 (i) Establish labeling and packaging requirements for regulated products and  
24 regulated adult-use products sold by a business establishment that include  
25 but are not limited to:

26 1. A universal symbol to indicate that a regulated adult-use product  
27 contains intoxicating substances, and prescribe how the product and

- 1                   product packaging shall utilize and exhibit this symbol;
- 2                   2. A disclosure concerning the length of time it typically takes for the
- 3                   intoxicating substances to affect an individual, including a statement
- 4                   that certain forms of regulated adult-use products take longer to have
- 5                   an effect;
- 6                   3. A list of ingredients and all additives;
- 7                   4. Child-resistant packaging;
- 8                   5. A net weight statement;
- 9                   6. A recommended use-by or expiration date;
- 10                  7. Labeling that specifically indicates that the package contains
- 11                  regulated products or regulated adult-use products; and
- 12                  8. Standard and uniform packaging and labeling, including but not
- 13                  limited to requirements regarding branding or logos;
- 14                  (j) Restrict forms of regulated product and regulated adult-use product delivery
- 15                  systems to ensure consumer safety and deter public health concerns;
- 16                  (k) Establish reasonable time, place, and manner restrictions on outdoor
- 17                  advertising of regulated products and regulated adult-use products
- 18                  consistent with this chapter;
- 19                  (l) Establish security and safety requirements and protocols for the places
- 20                  where regulated products and regulated adult-use products are possessed,
- 21                  produced, tested, packaged, transported, marketed, and sold in the
- 22                  Commonwealth; and
- 23                  (m) Establish policies and procedures for retail establishments that sell both
- 24                  regulated adult-use products pursuant to this chapter and medicinal
- 25                  cannabis pursuant to KRS Chapter 218B to separate the two (2) functions
- 26                  sufficiently so that:
- 27                  1. Inventory and sales can be tracked separately; and

1           2. Medicinal cannabis products are not sold under this chapter.

2   (3) The department shall adopt and exclusively enforce the administrative  
3   regulations of the Department for Public Health relating to the distribution and  
4   retail sale of regulated adult-use products until the Regulated Products Control  
5   Board promulgates its own administrative regulations on the subject on or before  
6   July 1, 2027, except that cannabis-infused beverages shall follow the  
7   administrative regulations authorized by Section 10 of this Act and license fee  
8   structures shall change in accordance with subsection (5) of this section.

9   (4) On and after January 1, 2027, the annual license fees for regulated adult-use  
10   products shall be as follows:

- 11   (a) Processor or Manufacturer .....\$1,000.00
- 12   (b) Gift shop package .....\$110.00
- 13   (c) Wholesaler .....\$1,000.00
- 14   (d) Retail package .....\$500.00
- 15   (e) Transporter .....\$210.00
- 16   (f) Direct shipper .....\$1,000.00
- 17   (g) Cannabis-infused beverage manufacturer license .....\$500.00
- 18   (h) Cannabis-infused beverage distributor's license .....\$1,000.00
- 19   (i) Cannabis-infused beverage retail license .....\$500.00
- 20   (j) Testing facility license .....\$300.00
- 21   (k) Retail consumption license .....\$500.00

22   (5) The license fees established in subsection (4) of this section shall remain in effect  
23   until the board issues updated license fees through the promulgation of an  
24   administrative regulation in accordance with KRS Chapter 13A no later than  
25   January 1, 2028.

26   (6) The department may delegate any of its powers or duties established in this  
27   chapter to the board, unless that delegation is specifically prohibited.

1           ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
2 READ AS FOLLOWS:

3 (1) A person shall not process, produce, test, transfer, transport, or sell regulated  
4 adult-use products or otherwise operate a regulated adult-use products  
5 establishment in this state without first obtaining a license or permit under this  
6 chapter.

7 (2) A processor license shall authorize the licensee to:

8 (a) Purchase hemp from a cultivator for processing;

9 (b) Receive regulated adult-use products from a cultivator, transporter, testing  
10 facility, or another processor;

11 (c) Process or manufacture the regulated adult-use products received into  
12 intermediate products or regulated adult-use products;

13 (d) Sell the processed regulated adult-use products to another processor, a  
14 wholesaler, or a retailer licensee;

15 (e) Transport or contract to transport the intermediate regulated adult-use  
16 products:

17 1. To another processor;

18 2. To a testing facility; or

19 3. Between buildings on its own premises;

20 (f) Transport or contract to transport the final regulated adult-use products:

21 1. To another processor, wholesaler, or retailer licensee;

22 2. To a testing facility; or

23 3. Between buildings on its own premises;

24 (g) Obtain processing licenses at multiple locations; and

25 (h) Conduct the following activities as part of the processor's license so long as  
26 the licensee is a Kentucky hemp processor and is located in wet territory or  
27 any precinct that has authorized the limited sale of a regulated adult-use

- 1 product at licensed processor facilities:
- 2 1. Operate a gift shop or retail package outlet on its premises;
- 3 2. Sell regulated adult-use products for on-premise consumption;
- 4 3. Be permitted to transfer its products from the processor premises to
- 5 the location where those retail sales occur without having to transfer
- 6 physical possession of those regulated adult-use products to a licensed
- 7 wholesaler in accordance with the following:
- 8 a. Without otherwise reporting those regulated adult-use products
- 9 to a licensed wholesaler, report those retail sales and pay all
- 10 taxes required to the Department of Revenue at the time and in
- 11 the manner required by the Department of Revenue in
- 12 accordance with its powers under KRS 131.130(3); and
- 13 b. All other regulated adult-use products that are produced by the
- 14 processor shall be sold and physically transferred in compliance
- 15 with all other relevant provisions of this chapter;
- 16 4. Transport regulated adult-use products to a wholesaler, retailer,
- 17 testing facility, or between processors;
- 18 5. Host events;
- 19 6. Hold a direct shipper license;
- 20 7. Transport and sell to consumers at fairs, festivals, and other similar
- 21 types of events located in a wet territory; and
- 22 8. Self-distribute cannabis-infused beverages in the same manner as
- 23 distilled spirits except a processor may deliver to any licensed retailer
- 24 up to seventy-seven thousand five hundred (77,500) gallons of
- 25 cannabis-infused beverages annually.
- 26 (3) A transporter license shall not be required to transport industrial hemp products.
- 27 A transporter license shall authorize the licensee to:

- 1        (a) Receive regulated products from a testing facility and transport to a  
2            processor;
- 3        (b) Receive regulated products from a processor and transport the regulated  
4            products to a processor, wholesaler, retailer, or testing facility;
- 5        (c) Receive regulated products from a retailer and transport them to a testing  
6            lab;
- 7        (d) Transport between testing facilities or processors; and
- 8        (e) Transport regulated products to fairs, festivals, and other similar events on  
9            behalf of a license holder permitted to sell at these types of events.
- 10      (4) A wholesale license shall authorize the licensee to:
- 11            (a) Purchase regulated products from a processor;
- 12            (b) Transport products between processors, retailers, and the wholesaler's  
13            licensed premises; and
- 14            (c) Transport and sell to consumers at fairs, festivals, and other similar types of  
15            events located in a wet territory.
- 16      (5) A retail license shall authorize the licensee to:
- 17            (a) Purchase regulated products from a processor or wholesaler for sale in its  
18            place of business;
- 19            (b) Receive purchased regulated products from a processor, wholesaler, or  
20            testing facility;
- 21            (c) Sell regulated adult-use products at its store to consumers ages twenty-one  
22            (21) and older;
- 23            (d) Host events;
- 24            (e) Purchase and receive regulated product accessories;
- 25            (f) Transport regulated products:
- 26                1. From a processor to a testing facility;
- 27                2. To a testing facility;

- 1           3. Between retail locations; and
- 2           4. To consumers;
- 3           (g) Sell regulated products to consumers at fairs, festivals, and other similar  
4           types of events located in a wet territory; and
- 5           (h) Hold a direct shipper license.
- 6           (6) A retail license shall not apply to:
- 7           (a) Industrial hemp products;
- 8           (b) Hemp products defined as nonintoxicating by the department; and
- 9           (c) Other regulated products determined by the department to be  
10           nonintoxicating.
- 11           (7) A testing facility license shall authorize the licensee to:
- 12           (a) Obtain, store, and test samples of regulated products:
- 13                 1. To determine the concentration of psychoactive substances in the  
14                 products; and
- 15                 2. For other contaminants and impurities that may support the quality  
16                 control measures necessary to confirm product quality; and
- 17           (b) Perform any other activities defined by the department to ensure product  
18           quality and safety.
- 19           (8) A regulated product retail consumption license shall authorize the licensee to sell  
20           regulated products, excluding kratom, for on-premises consumption. A retail  
21           consumption license may be combined with a retail license or a cannabis-infused  
22           beverage license.
- 23           (9) A regulated product event organizer license shall authorize the licensee to host  
24           temporary events related to regulated products, including but not limited to  
25           concerts, conferences, fairs, festivals, and competitions. Each event hosted by a  
26           licensed regulated product event organizer shall require a separate cannabis  
27           temporary event license.

- 1 (10) A regulated product temporary event license shall authorize the regulated product  
2 event organizer to host events related to regulated products, subject to the  
3 following restrictions:
- 4 (a) The location shall be designated on the application form to the department;  
5 and  
6 (b) The event shall comply with the requirements of any smoking ban that may  
7 be enacted by a local government.
- 8 (11) The holder of a processor license, wholesaler license, or retail license may sell  
9 and serve complimentary samples of regulated hemp products at fairs, festivals,  
10 and other similar events in wet territory under the following circumstances:
- 11 (a) Sales by the drink;  
12 (b) Sales by the package shall not exceed nine (9) liters per person, per day;  
13 (c) Complimentary samples served shall not exceed one and three-fourths  
14 (1.75) ounces per person, per day; and  
15 (d) The regulated products shall have been lawfully produced or purchased by  
16 the license holder.
- 17 (12) Subsection (11) of this section shall not apply to regulated kratom products or  
18 industrial hemp products.
- 19 (13) A direct shipper license shall authorize the holder to ship regulated adult-use  
20 products to consumers. A direct shipper license shall abide by the laws and  
21 administrative regulations established in this chapter and Sections 15 and 16 of  
22 this Act, except that:
- 23 (a) The direct shipper license shall be regulated by the department;  
24 (b) A direct shipper licensee may sell or ship to a consumer all types of  
25 cannabis-infused beverages that the licensee is authorized to sell, so long as  
26 the quantities do not exceed ten (10) cases per customer per month;  
27 (c) The department shall determine maximum quantities per customer per

1                   month for all other regulated adult-use products; and  
 2                   (d) All regulated adult-use product containers shipped to the consumer shall be  
 3                   conspicuously labeled with the words "ADULT USE ONLY: ID CHECK  
 4                   OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY" for  
 5                   each shipment.

6                   (14) A processor license shall not hold a wholesaler license or retail license except as  
 7                   defined in subsection (2) of this section.

8                   (15) A wholesaler shall not hold a processor license or retail license.

9                   (16) A retailer shall not hold a processor license or wholesaler license.

10                  ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
 11 READ AS FOLLOWS:

12                  (1) All regulated product licenses and permits issued by the department shall be valid  
 13                  for a period of no more than one (1) year. The department shall promulgate  
 14                  administrative regulations in accordance with KRS Chapter 13A establishing the  
 15                  system for renewal of licenses.

16                  (2) The renewal of any regulated product license or permit shall not be construed to  
 17                  waive or condone any violation that occurred prior to the renewal and shall not  
 18                  prevent subsequent proceedings against the licensee or permittee.

19                  (3) The department may deny a license renewal if the licensee is a delinquent  
 20                  taxpayer as defined in KRS 131.1815.

21                  ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
 22 READ AS FOLLOWS:

23                  (1) If the department denies a license or permit application, the commissioner shall  
 24                  notify the applicant in writing of the denial and the reasons for the denial by  
 25                  registered or certified mail at the address given in the application.

26                  (2) The applicant may, within thirty (30) days after the date of the mailing of the  
 27                  notice from the commissioner, file a request with the department for an

1 administrative hearing on the application. The hearing shall be conducted by the  
2 department as a de novo review of the application in compliance with KRS  
3 Chapter 13B.

4 (3) If the commissioner denies an application and the applicant does not timely  
5 request a department hearing on its application under subsection (2) of this  
6 section, the department shall refund payment of any license or permit fee paid by  
7 an applicant.

8 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
9 READ AS FOLLOWS:

10 (1) Upon proceedings for the revocation of any license or permit under this chapter,  
11 the department may order a suspension of the license or permit. Subject to the  
12 approval of the department, the licensee or permittee may pay, in lieu of part or  
13 all of the days of any suspension period, a sum established in an administrative  
14 regulation promulgated by the department. The department may suspend or  
15 revoke a license for the reasons established in Section 17 of this Act.

16 (2) Payments in lieu of suspension collected by the department shall be deposited into  
17 the Kentucky hemp fund established in Section 11 of this Act.

18 (3) Appeals from orders of suspension and the associated procedures shall be the  
19 same as those provided for orders of revocation in KRS Chapter 13B.

20 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
21 READ AS FOLLOWS:

22 (1) Regulated adult-use products shall only be purchased, possessed, consumed, or  
23 used by persons aged twenty-one (21) years or older, and a retail licensee shall  
24 only sell to persons aged twenty-one (21) or older. This subsection shall not apply  
25 to industrial hemp products and regulated products defined as nonintoxicating by  
26 the department.

27 (2) A licensee under this chapter shall not sell, give, or provide regulated products to

- 1        a person under the age of twenty-one (21).
- 2        (3) A person under twenty-one (21) years of age shall not enter any premises licensed  
3        for the sale of regulated adult-use products for the purpose of purchasing or  
4        receiving any regulated adult-use products.
- 5        (4) A person under twenty-one (21) years of age shall not misrepresent the person's  
6        age for the purpose of inducing any licensee, or the licensee's agent or employee,  
7        to sell any regulated adult-use products to the underage person.
- 8        (5) A person under twenty-one (21) years of age shall not use or attempt to use any  
9        false, fraudulent, or altered identification card, paper, or any other document to  
10       purchase or attempt to purchase or otherwise obtain any regulated adult-use  
11       products. A person who violates this section shall for the first offense be guilty of  
12       a violation and, for the second and each subsequent offense, be guilty of a Class  
13       B misdemeanor.
- 14       (6) Except as provided in subsection (7) of this section, any person who violates  
15       subsections (3), (4), or (5) of this section shall be charged with a violation and  
16       each violation shall constitute a separate offense.
- 17       (7) A violation of subsections (3), (4), or (5) of this section shall be deemed a status  
18       offense if committed by a person under the age of eighteen (18) and shall be  
19       under the jurisdiction of the juvenile session of the District Court or the family  
20       division of the Circuit Court, as appropriate.
- 21       (8) It shall be an affirmative defense to a charge under subsection (2) of this section  
22       that the sale was induced by the use of false, fraudulent, or altered identification  
23       papers or other documents, and that the appearance and character of the  
24       purchaser were such that the purchaser's age could not have been ascertained by  
25       any other means, and that the purchaser's appearance and character indicated  
26       strongly that the purchaser was of legal age to purchase regulated adult-use  
27       products. This evidence may be introduced either in mitigation of the charge or

1 as a defense to the charge itself.

2 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
3 READ AS FOLLOWS:

4 (1) The department shall regulate products determined as having psychoactive effects  
5 on consumers, except alcoholic beverages regulated by KRS Chapters 241 to 244  
6 and tobacco, nicotine, and vapor products regulated by KRS Chapter 438.

7 (2) As used in this section:

8 (a) "Covered product" means any product identified by the department as  
9 having intoxicating effects on consumers; and

10 (b) "Production" has the same meaning as in Section 23 of this Act.

11 (3) Not later than April 1, 2027, the department shall promulgate an emergency  
12 administrative regulation with applicability to covered products that:

13 (a) Prohibits the sale, gift, or other transfer of possession of covered products to  
14 a person who has not reached the age of twenty-one (21) years;

15 (b) Prohibits the possession of covered products by a person who has not  
16 reached the age of twenty-one (21) years;

17 (c) Requires retailers to implement safety measures to prevent theft or easy  
18 access by children;

19 (d) Establishes a laboratory testing and approval process for contaminants and  
20 phytochemicals of a covered product;

21 (e) Requires covered products to be registered with and approved by the  
22 department;

23 (f) Prohibits a covered product to be sold or distributed in the Commonwealth  
24 unless it has been approved under paragraph (e) of this subsection;

25 (g) Prohibits the adulteration of covered products with additives that increase  
26 toxicity or addictive potential, as determined by the department;

27 (h) Establishes milligram limits per serving;

1        (i) Establishes criteria for reviewing and approving novel psychoactive  
2        substances to be permitted for sale in the Commonwealth, except that a  
3        novel psychoactive substance shall not include kratom, kava, mushrooms,  
4        blue lotus, and cannabinoids. The following cannabinoids are prohibited  
5        from commerce without prior authorization from the department:

6        1. Hexahydrocannabinol (HHC);

7        2. Hexahydrocannabiphorol (HHC-P);

8        3. Cannabinoid acetates;

9        4. Delta-10-Tetrahydrocannabinol (delta-10-THC);

10       5. Tetrahydrocannabiphorol (THCP);

11       6. Tetrahydrocannabioctyl (THC-JD);

12       7. 11-hydroxy-Tetrahydrocannabinol (11-OH-THC); and

13       8. Other cannabinoids determined by the department to be artificially  
14       manufactured and that create an intoxicating effect and are not  
15       naturally found in hemp;

16       (j) Requires each covered product manufactured, marketed, sold, or distributed  
17       in the Commonwealth to be packaged and labeled in accordance with KRS  
18       217.037;

19       (k) Except as established in paragraph (l) of this subsection, requires that a  
20       covered product's label include, in no less than four and one-half (4.5)  
21       point font, the following information:

22       1. A statement of identity or common product name on the principal  
23       display panel of the label;

24       2. The net quantity of contents expressed in both standard English and  
25       metric units of measurement, located in the lower thirty percent (30%)  
26       of the principal display panel of the label parallel to the base of the  
27       container;

- 1           3. The ingredients of the product, in descending order of predominance  
2                   by weight;
- 3           4. The name of the manufacturer or distributor;
- 4           5. If the covered product contains cannabinoids, the total amount of  
5                   each marketed cannabinoid per serving for ingestible products, or the  
6                   total amount per container for cosmetic products;
- 7           6. If the covered product is kratom, the total amount of mitragynine per  
8                   serving for ingestible products, or the total amount per container for  
9                   cosmetic products;
- 10          7. For any other covered product, the total amount of psychoactive  
11               substance per serving for ingestible products, or the total amount per  
12               container for cosmetic products;
- 13          8. Suggested use instructions or directions, including serving sizes; and
- 14          9. An expiration date, if any;
- 15          (l) Requires an ingestible or cosmetic covered product that has a total area of  
16               twelve (12) square inches or less to bear labeling in accordance with  
17               paragraph (k) of this subsection, except the print may be smaller than six  
18               (6) point font but not less than one thirty-secondth (1/32) of an inch in  
19               height;
- 20          (m) Requires each covered product container have a tamper evident seal;
- 21          (n) Prohibits covered product packaging, labeling, or advertising material from  
22               bearing any implicit or explicit health claims stating that the covered  
23               product can diagnose, treat, cure, or prevent any disease; and
- 24          (o) 1. Permits a Kentucky production facility that is shipping a covered  
25               product to a state with testing requirements for the covered product to  
26               defer to that state's requirements.
- 27          2. Requires a Kentucky production facility that is shipping a covered

1 product to a state without testing requirements for the covered product  
2 to abide by Kentucky's requirements.

3 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
4 READ AS FOLLOWS:

5 (1) (a) The manufacture, distribution, and retail sale of cannabis-infused  
6 beverages by the drink and by the package shall be regulated solely by the  
7 department.

8 (b) On or before July 1, 2027, the department shall promulgate administrative  
9 regulations in accordance with KRS Chapter 13A to establish the rules and  
10 procedures for the manufacture, distribution, and retail sale of cannabis-  
11 infused beverages.

12 (c) The licensing for the manufacture, distribution and retail sale of cannabis  
13 infused beverages may be equivalent to or supplemental to the processor,  
14 wholesale, and retail licenses in Section 4 of this Act.

15 (d) The department shall establish administrative regulations that have similar  
16 oversight to alcohol controls, including tied house laws, trade practice rules,  
17 wholesale product rules, and payment terms.

18 (2) Cannabis-infused beverages shall only be available for retail sale by the package  
19 or drink in wet territory by the holder of a:

20 (a) Cannabis-infused beverage retail license; or

21 (b) Processor license if the beverages were:

22 1. Produced by the processor;

23 2. Produced for the processor under a written contract with another  
24 processor or manufacturer; or

25 3. Packaged for or by the processor.

26 (3) A person under twenty-one (21) years of age shall not purchase or consume  
27 cannabis-infused beverages. All restrictions and offenses related to minors and

1 alcoholic beverages in KRS Chapters 241 to 244 shall also apply in the same  
2 manner to minors and cannabis-infused beverages.

3 (4) A cannabis-infused beverage retail license shall authorize the licensee to sell  
4 cannabis-infused beverages at retail at the licensed premises by the drink for  
5 consumption on the premises only and by the package for consumption off the  
6 licensed premises only. The licensee may purchase cannabis-infused beverages  
7 from the holder of a:

8 (a) Cannabis-infused beverage distributor's license; or

9 (b) Processor license as authorized by subsection (2) of Section 4 of this Act.

10 (5) A cannabis-infused beverage distributor's license may be issued to a qualifying  
11 person as determined by the department. A cannabis-infused beverage  
12 distributor's license shall authorize the licensee to:

13 (a) Purchase cannabis-infused beverages from:

14 1. A licensed cannabis-infused beverage manufacturer; and

15 2. Another holder of a cannabis-infused beverage distributor's license;

16 and

17 (b) Store cannabis-infused beverages and sell them from its licensed premises  
18 to the holder of a:

19 1. Cannabis-infused beverage retail license; or

20 2. Cannabis-infused beverage distributor's license.

21 (6) A cannabis-infused beverage distributor shall transport cannabis-infused  
22 beverages only by a vehicle owned, rented, or leased and operated by the  
23 cannabis-infused beverage distributor, which has affixed to its sides at all times a  
24 sign of form and size prescribed by the department, containing among other  
25 things the name and license number of the licensee.

26 (7) A cannabis-infused beverage distributor's license shall be obtained for each  
27 separate warehouse, agent, distributor, broker, jobber, or place of business from

1 which orders are received or cannabis-infused beverages are distributed.

2 (8) The holder of a cannabis-infused beverage distributor's license shall:

3 (a) Not hold a cannabis-infused beverage retail license; and

4 (b) Have a licensed location in Kentucky.

5 (9) A cannabis-infused beverage manufacturer may:

6 (a) Self-distribute cannabis-infused beverages; and

7 (b) Sell or ship to a cannabis-infused beverage distributor or to a consumer all  
8 types of cannabis-infused beverages that the licensee is authorized to sell.

9 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
10 READ AS FOLLOWS:

11 (1) There is hereby created a trust and agency account to be known as the Kentucky  
12 hemp fund. The fund shall be administered by the Department of Psychoactive  
13 Substances.

14 (2) For tax periods beginning on or after January 1, 2027, one hundred percent  
15 (100%) of the receipts collected under this section from any state retail regulatory  
16 license fee and state wholesale regulatory license fee from the sale of hemp  
17 products regulated by this chapter shall be deposited in the fund together with  
18 any other money contributed, appropriated, or allocated to the fund from all  
19 other sources. The fund may also receive additional state appropriations, gifts,  
20 grants, and federal funds. Notwithstanding KRS 45.229, any money remaining in  
21 the fund at the close of any calendar year shall not lapse but shall be carried  
22 forward to the next calendar year.

23 (3) (a) The Department of Psychoactive Substances shall use moneys deposited in  
24 the Kentucky hemp fund to administer the fund and provide rewards for the  
25 industry to be divided as follows:

26 1. At least ninety percent (90%) shall be allocated to regulating,  
27 researching, and promoting Kentucky's hemp industry. The funds

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- shall be allocated as follows:
- a. One percent (1%) shall be allocated to:
  - i. Fund cannabis education, which shall be used to deter underage consumption;
  - ii. Provide educational materials for adults to support the prevention of underage consumption; and
  - iii. Establish a safe consumption training program for retailers participating in on-premises sales;
- b. Up to five percent (5%) shall be allocated to the Department for Public Health’s laboratory to upgrade facilities for testing cannabis;
- c. Up to five percent (5%) shall be allocated to the Kentucky State Police to establish a field sobriety test for cannabis;
- d. Up to four percent (4%) shall be allocated to administer and regulate hemp products, including maintaining state laboratory cannabinoid testing facilities using fit-for-purpose methodologies;
- e. At least eighty percent (80%) shall be allocated to the University of Kentucky Cannabis Center to advance the study of cannabis. Of this money, at least eighty-five percent (85%) of the funds allocated under this subdivision shall exclusively be allocated to advance hemp feed animal trials for livestock and companion animals until the department determines that funding is no longer required for the hemp animal feed approval process, and up to fifteen percent (15%) shall be allocated to the other purposes of this subdivision. Once this hemp animal feed funding is no longer required, all funding under this subdivision

1 shall be allocated to the University of Kentucky Cannabis Center  
 2 for purposes that advance the study of cannabis; and

3 f. At least five percent (5%) shall be allocated to administer grants  
 4 related to innovations in and support of Kentucky hemp  
 5 agriculture, hemp agribusinesses and hemp agricultural  
 6 technology; and

7 2. Up to ten percent (10%) may be allocated for administration and  
 8 operation of Department of Psychoactive Substances, including costs  
 9 of department personnel, program administration, testing, and any  
 10 other costs incurred while conducting hemp programs authorized by  
 11 this chapter.

12 (b) The Department of Psychoactive Substances may promulgate administrative  
 13 regulations in accordance with KRS Chapter 13A establishing the  
 14 conditions and criteria for the distribution of moneys from the fund.

15 (c) The Department of Revenue may promulgate administrative regulations in  
 16 accordance with KRS Chapter 13A establishing the procedures necessary to  
 17 determine the correct allocation of sales tax receipts described in subsection  
 18 (1) of this section.

19 (d) Any funds remaining after upgrading the Department for Public Health's  
 20 laboratory shall be directed to the UK Cannabis Center to advance the study  
 21 of cannabis.

22 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
 23 READ AS FOLLOWS:

24 (1) As used in this section:

25 (a) "Certified reference materials" means highly accurate, stable, and  
 26 homogenous substances with documented traceability to SI units, used to  
 27 evaluate methods and to ensure measurement quality;

- 1        (b) "Departments" means the Department for Public Health and the  
2            Department of Psychoactive Substances;
- 3        (c) "Fit-for-purpose" means a validated test procedure that is suitable,  
4            functional, and effective for its intended use and meets required standards;
- 5        (d) "Proficiency test" means a test established to evaluate the ability of a  
6            laboratory to perform test procedures required under this section by  
7            comparing each laboratory's results against a set of standards;
- 8        (e) "Proficiency test sample" means an unknown substance sent by an  
9            approved, external provider to a laboratory for analysis to evaluate  
10           accuracy, precision, and performance. Proficiency test samples are  
11           submitted blindly for testing using the same methods as are used for  
12           regular, routine samples to assess the ability of the laboratory to produce  
13           valid results; and
- 14        (f) "Third-party laboratory" means an independent, impartial testing entity not  
15           affiliated with a manufacturer, wholesaler, retailer, or any other seller or  
16           buyer of a hemp-derived cannabinoid product.
- 17        (2) The Department of Psychoactive Substances shall work with the Department for  
18           Public Health to improve testing procedures, proficiency testing, and approvals of  
19           third-party laboratories who seek to test registered hemp-derived cannabinoid  
20           products for sale in Kentucky.
- 21        (3) Third-party laboratories certified to test registered hemp-derived cannabinoid  
22           products shall meet the following requirements:
- 23           (a) Accreditation under ISO/IEC 17025:2017 standard by an ISO-certified  
24           accreditation body, including accreditation for each method used for testing  
25           hemp-derived cannabinoid products;
- 26           (b) Comprehensive quality systems and validated methods for testing hemp-  
27           derived cannabinoids using both Gas Chromatography-Mass Spectrometry

- 1           (GC-MS/ or GC-MS/MS) and High-Performance Liquid Chromatography  
2           (HPLC-PDA or LC-MS/MS) systems;  
3           (c) Establishing standard operating procedures and methodologies for testing  
4           products containing hemp-derived cannabinoids that are fit-for-purpose;  
5           (d) Utilizing fit-for-purpose testing for plant material, oils, edibles, beverages,  
6           and vaporizable products;  
7           (e) Participating in an accredited proficiency testing program under ISO/IEC  
8           17043; and  
9           (f) Meeting other standards necessary to fulfill the requirements of this section.  
10          (4) (a) The departments shall establish a proficiency test for demonstrating  
11           proficiency in testing hemp-derived cannabinoids for the purpose of  
12           evaluating and approving third-party laboratories that seek to conduct  
13           compliance testing of hemp-derived cannabinoid products registered in the  
14           Commonwealth.  
15          (b) The Department of Psychoactive Substances shall collaborate with the  
16           Department for Public Health to establish the proficiency test. The  
17           departments shall utilize certified reference materials to create a reference  
18           product for compliance testing. The reference product shall include the  
19           following cannabinoids:  
20           1. Cannabidiol (CBD) (CAS # 13956-29-1);  
21           2. Cannabinol (CBN) (CAS # 521-35-7);  
22           3. Delta-9-tetrahydrocannabinolic acid (THCA) (CAS # 23978-85-0);  
23           4. Delta-9-tetrahydrocannabinol (delta-9-THC) (CAS # 1972-08-3);  
24           5. Delta-8-tetrahydrocannabinol (delta-8-THC) (CAS # 5757-75-5);  
25           6. Hexahydrocannabinol (HHC) (CAS # 36403-90-4 for 9(R)-HHC and  
26           36403-91-5 for 9(S)-HHC);  
27           7. Delta-8-iso-tetrahydrocannabinol (delta-8-iso-THC) (CAS # 23050-47-

- 1                    7);
- 2                    8. Delta-4,8-iso-tetrahydrocannabinol (delta 4(8)-iso-THC) (CAS #
- 3                    23050-59-1);
- 4                    9. 9(R) Hexahydrocannabinol (9(R)-HHC) (CAS # 23050-47-7); and
- 5                    10. 9(S) Hexahydrocannabinol (9(S)-HHC) (CAS # 36403-91-5).
- 6                    (c) The proficiency test samples shall be of known concentration, preparation
- 7                    documented, and maintained by the departments for purposes of proficiency
- 8                    testing and periodic validation.
- 9                    (5) Upon establishing the proficiency test, the departments shall establish an
- 10                   approval process for third-party laboratories seeking to conduct testing of hemp-
- 11                   derived cannabinoid products intended for registration in the Commonwealth in
- 12                   accordance with the following:
- 13                   (a) The departments shall provide proficiency test materials to any third-party
- 14                   laboratory that seeks approval to conduct cannabinoid testing for hemp-
- 15                   derived cannabinoid products intended for registration in Kentucky;
- 16                   (b) Participating third-party laboratories shall test each proficiency sample
- 17                   using the validated methods and analytical procedures that are within their
- 18                   scope of accreditation as specified on their accreditation certificate and
- 19                   submit their results to the Department for Public Health within a timeframe
- 20                   established by the Department for Public Health;
- 21                   (c) The Department for Public Health shall compare the proficiency test results
- 22                   submitted by third-party laboratories to target values and to the results
- 23                   derived from the same reference materials by other certified laboratories.
- 24                   The results from each applicant laboratory for each analyte shall be
- 25                   assigned a z-score;
- 26                   (d) 1. A third-party laboratory shall be approved for inclusion on the
- 27                   Commonwealth's list of approved laboratories if its results fall within

- 1                   *an acceptable range established by the Department of Psychoactive*  
2                   *Substances and Department for Public Health through the*  
3                   *promulgation of administrative regulations.*
- 4                   *2. To be eligible for approval under this section, a third-party laboratory*  
5                   *shall maintain accreditation under ISO/IEC 17025:2017 or its*  
6                   *successor standard and shall provide proof of such accreditation to the*  
7                   *Department of Psychoactive Substances.*
- 8                   *3. The Department of Psychoactive Substances may establish additional*  
9                   *requirements for third-party laboratories seeking approval within the*  
10                   *Commonwealth through an administrative regulation promulgated in*  
11                   *accordance with KRS Chapter 13A; and*
- 12                   *(e) The Department for Public Health shall create and maintain a publicly*  
13                   *available list of approved laboratories that meet requirements established*  
14                   *under this section.*
- 15                   *(6) Upon establishment of the approved laboratory list:*
- 16                   *(a) Any person or entity registering hemp-derived cannabinoid-containing*  
17                   *products in Kentucky shall utilize a laboratory included on the Department*  
18                   *for Public Health's approved laboratory list; and*
- 19                   *(b) All previously registered products containing cannabinoids shall be re-*  
20                   *registered with the Department of Psychoactive Substances to continue*  
21                   *selling in the Commonwealth. Any registration fees associated with this re-*  
22                   *registration requirement shall be waived.*
- 23                   *(7) The Department of Psychoactive Substances shall promulgate administrative*  
24                   *regulations in accordance with KRS Chapter 13A to implement and enforce this*  
25                   *section, including but not limited to:*
- 26                   *(a) Defining acceptable variance ranges for proficiency testing;*
- 27                   *(b) Establishing timelines for laboratory participation and review;*

1        (c) Establishing procedures for adding or removing laboratories from the  
2            approved list;

3        (d) Specifying recordkeeping and reporting requirements; and

4        (e) Determining a timeframe for allowing registered businesses to re-register  
5            products using the approved laboratories for retesting certified products to  
6            assure conformance to hemp-derived cannabinoid standards.

7        ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
8 READ AS FOLLOWS:

9        (1) Notwithstanding any provision of law to the contrary, and except as provided in  
10            subsection (2) of this section:

11        (a) The use of hemp-derived cannabinoid products shall be considered lawful if  
12            done in accordance with:

13            1. This chapter and any administrative regulations promulgated  
14            thereunder; and

15            2. Any administrative regulations promulgated by the Cabinet for Health  
16            and Family Services, Cabinet for Public Protection, or the Kentucky  
17            Department of Agriculture;

18        (b) The acquisition, blending, cultivation, delivery, distribution, manufacturing,  
19            manipulation, packaging for sale, preparation, possession, sale, testing,  
20            transportation, or transfer of hemp-derived cannabinoid products or hemp-  
21            derived cannabinoid product accessories by a licensed business or licensed  
22            business agent shall be considered lawful if done in accordance with this  
23            chapter and any administrative regulations promulgated thereunder;

24        (c) An attorney shall not be subject, under the laws of the Commonwealth, to  
25            arrest, prosecution, or penalty in any manner, or denied any right or  
26            privilege, including but not limited to a civil penalty or disciplinary action  
27            by the Kentucky Court of Justice, Kentucky Bar Association, or by any

1           other professional licensing board, solely for providing an individual or  
2           hemp-derived cannabinoid business with legal assistance related to activity  
3           that is no longer subject to criminal penalties under state law pursuant to  
4           this chapter; and

5           (d) A person shall not be subject, under the laws of the Commonwealth, to  
6           arrest, prosecution, or penalty in any manner, or denied any right or  
7           privilege, including but not limited to a civil penalty or disciplinary action  
8           by an occupational or professional licensing board, solely for providing  
9           assistance or services, including but not limited to accounting services,  
10           financial services, security services, or business consulting services, to any  
11           individual or hemp-derived cannabinoid business related to activity that is  
12           no longer subject to criminal penalties under state law pursuant to this  
13           chapter.

14           (2) Subsection (1) of this section shall not be construed or interpreted to prohibit the  
15           arrest, prosecution, or imposition of any other penalty arising from but not  
16           limited to breach of contract, breach of fiduciary duty, negligence, or engaging in  
17           criminal activity that would constitute a felony or misdemeanor.

18           ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
19 READ AS FOLLOWS:

20           (1) There is hereby established in the State Treasury a trust and agency account to be  
21           known as the Department of Psychoactive Substances fund. The fund shall  
22           consist of amounts received from appropriations, and any other proceeds from  
23           gifts, grants, federal funds, application fees, or license fees provided by Section 3  
24           of this Act, civil penalties as provided by Section 17 of this Act, and any other  
25           funds, both public and private, made available for purposes of this chapter,  
26           except for any moneys allocated toward the Kentucky hemp fund established in  
27           Section 11 of this Act.

1 (2) The Department of Psychoactive Substances fund shall be administered by the  
2 department.

3 (3) Amounts deposited in the fund shall be used for the costs of department  
4 personnel, administrative expenses, and any other costs incurred while regulating  
5 the activities authorized by this chapter.

6 (4) Notwithstanding KRS 45.229, the fund amounts not expended at the close of a  
7 fiscal year shall not lapse but shall be carried forward into the next fiscal year.

8 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
9 READ AS FOLLOWS:

10 (1) A direct shipper license issued under this chapter shall authorize the holder to  
11 ship adult-use regulated products to consumers. The department shall issue a  
12 direct shipper license to a successful applicant that:

13 (a) Pays the applicable annual license fee;

14 (b) Is a licensed adult-use regulated product manufacturer;

15 (c) Holds a current license, permit, or other authorization to manufacture or  
16 supply adult-use regulated products in the state where the applicant is  
17 located. If an applicant is located outside of Kentucky, proof of its current  
18 license, permit, or other authorization as issued by its home state shall be  
19 sufficient proof of its eligibility to hold a direct shipper license in Kentucky;  
20 and

21 (d) Is an adult-use regulated products retailer licensed by the department.

22 (2) The department shall establish the form for a direct shipper license application  
23 through the promulgation of an administrative regulation. These requirements  
24 shall include only the following:

25 (a) The address of the manufacturer; and

26 (b) If the applicant is located outside this state, a copy of the applicant's current  
27 license, permit, or other authorization to manufacture, store, or supply

1 adult-use regulated products in the state where the applicant is located.

2 (3) For purposes of this section, the holder of a direct shipper license may utilize the  
3 services of a third party to fulfill shipments, subject to the following:

4 (a) The third party shall not be required to hold any adult-use regulated  
5 product license, but a licensed entity shall not serve as a third party to fulfill  
6 shipments other than the holder of a transporter's license;

7 (b) The third party may operate from the premises of the direct shipper licensee  
8 or from another business location; and

9 (c) The direct shipper licensee shall be liable for any violation of this chapter  
10 and its accompanying administrative regulations that may occur by the  
11 third party.

12 (4) A direct shipper licensee shall:

13 (a) Agree that the Secretary of State shall serve as its registered agent for  
14 service of process. The licensee shall agree that legal service on the agent  
15 constitutes legal service on the direct shipper licensee;

16 (b) Maintain the records required by the department and provide the  
17 department and the Department of Revenue access to or copies of these  
18 records;

19 (c) Allow the department or the Department of Revenue to perform an audit of  
20 the direct shipper licensee's records or an inspection of the direct shipper  
21 licensee's licensed premises upon request. If an audit or inspection reveals a  
22 violation, the department or the Department of Revenue may recover  
23 reasonable expenses from the licensee for the cost of the audit or  
24 inspection;

25 (d) Register with the Department of Revenue, and file all reports and pay all  
26 taxes required under this chapter; and

27 (e) Submit to the jurisdiction of the Commonwealth of Kentucky for any

1 violation of this chapter or its accompanying administrative regulations or  
2 for nonpayment of any taxes owed.

3 (5) (a) Each direct shipper licensee shall submit to the department and the  
4 Department of Revenue a quarterly report for that direct shipper license  
5 showing:

6 1. The total amount of adult-use regulated products shipped into the  
7 state per consumer;

8 2. The name and address of each consumer;

9 3. The purchase price of the adult-use regulated products shipped and  
10 the amount of taxes charged to the consumer for the adult-use  
11 regulated products shipped; and

12 4. The name and address of each common carrier.

13 (b) The Department of Revenue shall create a form through the promulgation  
14 of an administrative regulation for reporting under paragraph (a) of this  
15 subsection.

16 (c) The department shall provide a list of all active direct shipper licensees to  
17 licensed common carriers on a quarterly basis to reduce the number of  
18 unlicensed shipments in the Commonwealth.

19 (6) A direct shipper licensee shall submit a current copy of its adult-use regulated  
20 products license from its home state along with the applicable license fee every  
21 year upon renewal of its direct shipper license.

22 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
23 READ AS FOLLOWS:

24 (1) A direct shipper licensee may sell or ship to a consumer all types of adult-use  
25 regulated products that the licensee is authorized to sell, with an aggregate limit  
26 not to exceed ten (10) cases per customer per month.

27 (2) The direct shipper licensee shall notify the consumer placing the order that the

1 shipment shall not be left unless the recipient of the shipment provides a valid  
2 identification document at the time verifying that the recipient is at least twenty-  
3 one (21) years of age. All adult-use regulated product containers shipped to the  
4 consumer shall be conspicuously labeled with the words "CONTAINS ADULT-  
5 USE REGULATED PRODUCTS: SIGNATURE OF PERSON AGE 21 OR  
6 OLDER REQUIRED FOR DELIVERY" for each shipment.

7 (3) At the time of delivery, the recipient of the shipment shall present to the  
8 individual delivering the package a valid identification document. Prior to  
9 transferring possession of the package, the individual delivering the package  
10 shall visually inspect the document and verify the identity of the recipient and, by  
11 visual examination or by using age verification technology, that the recipient is at  
12 least twenty-one (21) years of age.

13 (4) Before transferring possession of the package, the individual delivering the  
14 package shall obtain the signature of the recipient of the shipment. The  
15 individual who receives and signs for the adult-use regulated products is not  
16 required to be the consumer who purchased the adult-use regulated products.

17 (5) A consumer who intentionally causes shipment to an address deemed unlawful  
18 shall, for the first offense, be guilty of a violation punishable by a fine of two  
19 hundred fifty dollars (\$250), and for each subsequent offense, be guilty of a  
20 violation punishable by a fine of five hundred dollars (\$500). In this instance, the  
21 direct shipper licensee and the common carrier shall be held harmless.

22 (6) A direct shipper licensee may not sell or ship adult-use regulated products to a  
23 consumer from its licensed premises if the consumer's address is located in an  
24 area in which that type of adult-use regulated products may not be sold or  
25 received.

26 (7) Shipments made pursuant to this section shall be made through a common  
27 carrier.

1 (8) If a common carrier is unable to complete delivery, then the adult-use regulated  
2 products shall be returned to the consignor.

3 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO  
4 READ AS FOLLOWS:

5 (1) The department may temporarily suspend a license up to sixty (60) days if the  
6 licensee is alleged to have:

7 (a) Violated any provision of this chapter or an administrative regulation  
8 promulgated under the authority of this chapter;

9 (b) Made any false statement to the department or its representatives;

10 (c) Pled guilty to, or been convicted of, any felony or drug-related misdemeanor  
11 or violation;

12 (d) Failed to comply with only those instructions agreed upon in the contract  
13 signed by the licensee at the time a license was issued; or

14 (e) Failed to comply with an order from a representative of the department,  
15 representative of the Department of Kentucky State Police, or any law  
16 enforcement officer.

17 (2) The department may temporarily suspend a license up to sixty (60) days without  
18 giving the licensee advance notice of the charge against him or her or an  
19 opportunity to be heard.

20 (3) The department shall not permanently revoke a license until the department has  
21 notified the licensee of the charge against him or her and given the licensee an  
22 opportunity for a hearing before a three (3) person panel whose members have  
23 been designated by the Commissioner. The three (3) person panel shall include:

24 (a) Two (2) members who are employees of the department; and

25 (b) One (1) member who is not an employee of the department.

26 (4) The department may permanently revoke a license if the licensee admits, or is  
27 found in a hearing, to have:

1 (a) Violated any provision of this chapter or an administrative regulation  
 2 promulgated under the authority of this chapter;

3 (b) Made any false statement to the department or its representative;

4 (c) Pled guilty to, or been convicted of, any felony or drug-related misdemeanor  
 5 or violation; or

6 (d) Failed to comply with any instruction or order from the department, a  
 7 representative of the Department of Kentucky State Police, or any law  
 8 enforcement officer.

9 (5) The department may impose a monetary civil penalty, not to exceed two thousand  
 10 five hundred dollars (\$2,500) per violation, on any person who violates this  
 11 chapter or an administrative regulation promulgated under the authority of this  
 12 chapter.

13 (6) The department shall not impose a monetary civil penalty against a person  
 14 alleged to have violated this chapter, or an administrative regulation promulgated  
 15 under the authority of this chapter, until the department has notified the person  
 16 of the charge against him or her and given the person the opportunity for a  
 17 hearing before the three (3) person panel.

18 ➔Section 18. KRS 2.015 is amended to read as follows:

19 Persons of the age of eighteen (18) years are of the age of majority for all purposes in this  
 20 Commonwealth except for the purchase of alcoholic beverages, purchase of adult-use  
 21 products regulated by KRS Chapter 239, and for purposes of care and treatment of  
 22 children with disabilities, for which twenty-one (21) years is the age of majority, all other  
 23 statutes to the contrary notwithstanding.

24 ➔Section 19. KRS 12.020 is amended to read as follows:

25 Departments, program cabinets and their departments, and the respective major  
 26 administrative bodies that they include are enumerated in this section. It is not intended  
 27 that this enumeration of administrative bodies be all-inclusive. Every authority, board,

1 bureau, interstate compact, commission, committee, conference, council, office, or any  
2 other form of organization shall be included in or attached to the department or program  
3 cabinet in which they are included or to which they are attached by statute or statutorily  
4 authorized executive order; except in the case of the Personnel Board and where the  
5 attached department or administrative body is headed by a constitutionally elected  
6 officer, the attachment shall be solely for the purpose of dissemination of information and  
7 coordination of activities and shall not include any authority over the functions,  
8 personnel, funds, equipment, facilities, or records of the department or administrative  
9 body.

10 I. Cabinet for General Government - Departments headed by elected officers:

- 11 (1) The Governor.  
12 (2) Lieutenant Governor.  
13 (3) Department of State.  
14 (a) Secretary of State.  
15 (b) Board of Elections.  
16 (c) Registry of Election Finance.  
17 (4) Department of Law.  
18 (a) Attorney General.  
19 (5) Department of the Treasury.  
20 (a) Treasurer.  
21 (6) Department of Agriculture.  
22 (a) Commissioner of Agriculture.  
23 (b) Agricultural Development Board.  
24 (c) Kentucky Agricultural Finance Corporation.  
25 (7) Auditor of Public Accounts.  
26 (a) Commonwealth Office of the Ombudsman.

27 II. Program cabinets headed by appointed officers:

- 1 (1) Justice and Public Safety Cabinet:
- 2 (a) Department of Kentucky State Police.
- 3 1. Office of Administrative Services.
- 4 a. Division of Operational Support.
- 5 b. Division of Management Services.
- 6 2. Office of Operations.
- 7 a. Division of West Troops.
- 8 b. Division of East Troops.
- 9 c. Division of Special Enforcement.
- 10 d. Division of Commercial Vehicle Enforcement.
- 11 3. Office of Technical Services.
- 12 a. Division of Forensic Sciences.
- 13 b. Division of Electronic Services.
- 14 c. Division of Records Management.
- 15 (b) Department of Criminal Justice Training.
- 16 (c) Department of Corrections.
- 17 (d) Department of Juvenile Justice.
- 18 (e) Office of the Secretary.
- 19 (f) Office of Drug Control Policy.
- 20 (g) Office of Legal Services.
- 21 (h) Office of the Kentucky State Medical Examiner.
- 22 (i) Parole Board.
- 23 (j) Kentucky State Corrections Commission.
- 24 (k) Office of Legislative and Intergovernmental Services.
- 25 (l) Office of Human Resource Management.
- 26 1. Division of Human Resource Administration.
- 27 2. Division of Employee Management.

- 1 (m) Department of Public Advocacy.
- 2 (n) Office of Communications.
- 3 1. Information Technology Services Division.
- 4 (o) Office of Financial Management Services.
- 5 1. Division of Financial Management.
- 6 (p) Grants Management Division.
- 7 (2) Energy and Environment Cabinet:
- 8 (a) Office of the Secretary.
- 9 1. Office of Legislative and Intergovernmental Affairs.
- 10 2. Office of Legal Services.
- 11 a. Legal Division I.
- 12 b. Legal Division II.
- 13 3. Office of Administrative Hearings.
- 14 4. Office of Communication.
- 15 5. Mine Safety Review Commission.
- 16 6. Office of Kentucky Nature Preserves.
- 17 7. Kentucky Public Service Commission.
- 18 (b) Department for Environmental Protection.
- 19 1. Office of the Commissioner.
- 20 2. Division for Air Quality.
- 21 3. Division of Water.
- 22 4. Division of Environmental Program Support.
- 23 5. Division of Waste Management.
- 24 6. Division of Enforcement.
- 25 7. Division of Compliance Assistance.
- 26 (c) Department for Natural Resources.
- 27 1. Office of the Commissioner.

- 1                   2.    Division of Mine Permits.
- 2                   3.    Division of Mine Reclamation and Enforcement.
- 3                   4.    Division of Abandoned Mine Lands.
- 4                   5.    Division of Oil and Gas.
- 5                   6.    Division of Mine Safety.
- 6                   7.    Division of Forestry.
- 7                   8.    Division of Conservation.
- 8                   9.    Office of the Reclamation Guaranty Fund.
- 9                   (d)   Office of Energy Policy.
  - 10                   1.    Division of Energy Assistance.
- 11                   (e)   Office of Administrative Services.
  - 12                   1.    Division of Human Resources Management.
  - 13                   2.    Division of Financial Management.
  - 14                   3.    Division of Information Services.
- 15                   (3)   Public Protection Cabinet.
  - 16                   (a)   Office of the Secretary.
    - 17                   1.    Office of Communications and Public Outreach.
    - 18                   2.    Office of Legal Services.
      - 19                   a.    Insurance Legal Division.
      - 20                   b.    Alcoholic Beverage Control Legal Division.
      - 21                   c.    Housing, Buildings and Construction Legal Division.
      - 22                   d.    Financial Institutions Legal Division.
      - 23                   e.    Professional Licensing Legal Division.
    - 24                   3.    Office of Administrative Hearings.
    - 25                   4.    Office of Administrative Services.
      - 26                   a.    Division of Human Resources.
      - 27                   b.    Division of Fiscal Responsibility.

- 1 (b) Office of Claims and Appeals.
- 2 1. Board of Tax Appeals.
- 3 2. Board of Claims.
- 4 3. Crime Victims Compensation Board.
- 5 (c) Kentucky Boxing and Wrestling Commission.
- 6 (d) Department of Alcoholic Beverage Control.
- 7 1. Division of Distilled Spirits.
- 8 2. Division of Malt Beverages.
- 9 3. Division of Enforcement.
- 10 4. Division of Tobacco, Nicotine, and Vapor Product Licensing.
- 11 (e) Department of Financial Institutions.
- 12 1. Division of Depository Institutions.
- 13 2. Division of Non-Depository Institutions.
- 14 3. Division of Securities.
- 15 (f) Department of Housing, Buildings and Construction.
- 16 1. Division of Fire Prevention.
- 17 2. Division of Plumbing.
- 18 3. Division of Heating, Ventilation, and Air Conditioning.
- 19 4. Division of Building Code Enforcement.
- 20 (g) Department of Insurance.
- 21 1. Division of Health and Life Insurance and Managed Care.
- 22 2. Division of Property and Casualty Insurance.
- 23 3. Division of Administrative Services.
- 24 4. Division of Financial Standards and Examination.
- 25 5. Division of Licensing.
- 26 6. Division of Insurance Fraud Investigation.
- 27 7. Division of Consumer Protection.

- 1 (h) Department of Professional Licensing.
- 2 1. Real Estate Authority.
- 3 2. Division of Real Property Boards.
- 4 **(i) Department of Psychoactive Substances.**
- 5 **1. Division of Hemp.**
- 6 **2. Division of Kratom.**
- 7 (4) Transportation Cabinet:
- 8 (a) Department of Highways.
- 9 1. Office of Project Development.
- 10 2. Office of Project Delivery and Preservation.
- 11 3. Office of Highway Safety.
- 12 4. Highway District Offices One through Twelve.
- 13 (b) Department of Vehicle Regulation.
- 14 (c) Department of Aviation.
- 15 (d) Department of Rural and Municipal Aid.
- 16 1. Office of Local Programs.
- 17 2. Office of Rural and Secondary Roads.
- 18 (e) Office of the Secretary.
- 19 1. Office of Public Affairs.
- 20 2. Office for Civil Rights and Small Business Development.
- 21 3. Office of Budget and Fiscal Management.
- 22 4. Office of Inspector General.
- 23 5. Secretary's Office of Safety.
- 24 (f) Office of Support Services.
- 25 (g) Office of Transportation Delivery.
- 26 (h) Office of Audits.
- 27 (i) Office of Human Resource Management.

- 1 (j) Office of Information Technology.
- 2 (k) Office of Legal Services.
- 3 (5) Cabinet for Economic Development:
- 4 (a) Office of the Secretary.
- 5 1. Office of Legal Services.
- 6 2. Department for Business and Community Development.
- 7 a. Development and Retention Division – West Kentucky.
- 8 b. Development, Retention, and Administrative Division –
- 9 Central and East Kentucky.
- 10 c. Community and Workforce Development Division.
- 11 3. Department for Financial Services.
- 12 a. Kentucky Economic Development Finance Authority.
- 13 b. Finance and Personnel Division.
- 14 c. IT and Resource Management Division.
- 15 d. Compliance Division.
- 16 e. Program Administration Division.
- 17 f. Bluegrass State Skills Corporation.
- 18 g. The GRANT Commission.
- 19 4. Office of Strategy and Public Affairs.
- 20 a. Marketing and Communications Division.
- 21 b. Research and Strategy Division.
- 22 5. Office of Entrepreneurship and Innovation.
- 23 a. Commission on Small Business Innovation and Advocacy.
- 24 6. Kentucky Film Office.
- 25 a. Kentucky Film Leadership Council.
- 26 (6) Cabinet for Health and Family Services:
- 27 (a) Office of the Secretary.

- 1                   1.   Office of Public Affairs.
- 2                   2.   Office of Legal Services.
- 3                   3.   Office of Inspector General.
- 4                   4.   Office of Human Resource Management.
- 5                   5.   Office of Finance and Budget.
- 6                   6.   Office of Legislative and Regulatory Affairs.
- 7                   7.   Office of Administrative Services.
- 8                   8.   Office of Application Technology Services.
- 9                   9.   Office of Data Analytics.
- 10                  10.  Office of Medical Cannabis.
  - 11                   a.   Division of Enforcement and Compliance.
  - 12                   b.   Division of Licensure and Access.
- 13                  (b)  Department for Public Health.
- 14                  (c)  Department for Medicaid Services.
- 15                  (d)  Department for Behavioral Health, Developmental and Intellectual
- 16                    Disabilities.
- 17                  (e)  Department for Aging and Independent Living.
- 18                  (f)  Department for Community Based Services.
- 19                  (g)  Department for Family Resource Centers and Volunteer Services.
- 20                  (7)  Finance and Administration Cabinet:
  - 21                   (a)  Office of the Secretary.
  - 22                   (b)  Office of the Inspector General.
  - 23                   (c)  Office of Legislative and Intergovernmental Affairs.
  - 24                   (d)  Office of General Counsel.
  - 25                   (e)  Office of the Controller.
  - 26                   (f)  Office of Administrative Services.
  - 27                   (g)  Office of Policy and Audit.

- 1 (h) Department for Facilities and Support Services.
- 2 (i) Department of Revenue.
- 3 (j) Commonwealth Office of Technology.
- 4 (k) State Property and Buildings Commission.
- 5 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 6 (m) Kentucky Employees Retirement Systems.
- 7 (n) Commonwealth Credit Union.
- 8 (o) State Investment Commission.
- 9 (p) Kentucky Housing Corporation.
- 10 (q) Kentucky Local Correctional Facilities Construction Authority.
- 11 (r) Kentucky Turnpike Authority.
- 12 (s) Historic Properties Advisory Commission.
- 13 (t) Kentucky Higher Education Assistance Authority.
- 14 (u) Kentucky River Authority.
- 15 (v) Kentucky Teachers' Retirement System Board of Trustees.
- 16 (w) Executive Branch Ethics Commission.
- 17 (x) Office of Fleet Management.
- 18 (8) Tourism, Arts and Heritage Cabinet:
  - 19 (a) Kentucky Department of Tourism.
    - 20 1. Division of Tourism Services.
    - 21 2. Division of Marketing and Administration.
    - 22 3. Division of Communications and Promotions.
  - 23 (b) Kentucky Department of Parks.
    - 24 1. Division of Information Technology.
    - 25 2. Division of Human Resources.
    - 26 3. Division of Financial Operations.
    - 27 4. Division of Purchasing.

- 1                   5.    Division of Facilities.
- 2                   6.    Division of Park Operations.
- 3                   7.    Division of Sales, Marketing, and Customer Service.
- 4                   8.    Division of Engagement.
- 5                   9.    Division of Food Services.
- 6                   10.   Division of Rangers.
- 7           (c)    Department of Fish and Wildlife Resources.
- 8                   1.    Division of Law Enforcement.
- 9                   2.    Division of Administrative Services.
- 10                  3.    Division of Engineering, Infrastructure, and Technology.
- 11                  4.    Division of Fisheries.
- 12                  5.    Division of Information and Education.
- 13                  6.    Division of Wildlife.
- 14                  7.    Division of Marketing.
- 15           (d)    Kentucky Horse Park.
- 16                   1.    Division of Support Services.
- 17                   2.    Division of Buildings and Grounds.
- 18                   3.    Division of Operational Services.
- 19           (e)    Kentucky State Fair Board.
- 20                   1.    Office of Administrative and Information Technology Services.
- 21                   2.    Office of Human Resources and Access Control.
- 22                   3.    Division of Expositions.
- 23                   4.    Division of Kentucky Exposition Center Operations.
- 24                   5.    Division of Kentucky International Convention Center.
- 25                   6.    Division of Public Relations and Media.
- 26                   7.    Division of Venue Services.
- 27                   8.    Division of Personnel Management and Staff Development.

- 1                   9.    Division of Sales.
- 2                   10.   Division of Security and Traffic Control.
- 3                   11.   Division of Information Technology.
- 4                   12.   Division of the Louisville Arena.
- 5                   13.   Division of Fiscal and Contract Management.
- 6                   14.   Division of Access Control.
- 7           (f)   Office of the Secretary.
- 8                   1.    Office of Finance.
- 9                   2.    Office of Government Relations and Administration.
- 10           (g)   Office of Legal Affairs.
- 11           (h)   Office of Human Resources.
- 12           (i)   Office of Public Affairs and Constituent Services.
- 13           (j)   Office of Arts and Cultural Heritage.
- 14           (k)   Kentucky African-American Heritage Commission.
- 15           (l)   Kentucky Foundation for the Arts.
- 16           (m)   Kentucky Humanities Council.
- 17           (n)   Kentucky Heritage Council.
- 18           (o)   Kentucky Arts Council.
- 19           (p)   Kentucky Historical Society.
- 20                   1.    Division of Museums.
- 21                   2.    Division of Oral History and Educational Outreach.
- 22                   3.    Division of Research and Publications.
- 23                   4.    Division of Administration.
- 24           (q)   Kentucky Center for the Arts.
- 25                   1.    Division of Governor's School for the Arts.
- 26           (r)   Kentucky Artisans Center at Berea.
- 27           (s)   Northern Kentucky Convention Center.

- 1 (t) Eastern Kentucky Exposition Center.
- 2 (9) Personnel Cabinet:
- 3 (a) Office of the Secretary.
- 4 (b) Department of Human Resources Administration.
- 5 (c) Office of Employee Relations.
- 6 (d) Kentucky Public Employees Deferred Compensation Authority.
- 7 (e) Office of Administrative Services.
- 8 (f) Office of Legal Services.
- 9 (g) Governmental Services Center.
- 10 (h) Department of Employee Insurance.
- 11 (i) Office of Diversity, Equality, and Training.
- 12 (j) Office of Public Affairs.
- 13 (10) Education and Labor Cabinet:
- 14 (a) Office of the Secretary.
- 15 1. Office of Legal Services.
- 16 a. Workplace Standards Legal Division.
- 17 b. Workers' Claims Legal Division.
- 18 c. Workforce Development Legal Division.
- 19 2. Office of Administrative Services.
- 20 a. Division of Human Resources Management.
- 21 b. Division of Fiscal Management.
- 22 c. Division of Operations and Support Services.
- 23 3. Office of Technology Services.
- 24 a. Division of Information Technology Services.
- 25 4. Office of Policy and Audit.
- 26 5. Office of Legislative Services.
- 27 6. Office of Communications.

- 1                   7.   Office of the Kentucky Center for Statistics.
- 2                   8.   Board of the Kentucky Center for Statistics.
- 3                   9.   Early Childhood Advisory Council.
- 4                   10.  Governors' Scholars Program.
- 5                   11.  Governor's School for Entrepreneurs Program.
- 6                   12.  Foundation for Adult Education.
- 7                   (b)  Department of Education.
- 8                   1.   Kentucky Board of Education.
- 9                   2.   Kentucky Technical Education Personnel Board.
- 10                  3.   Education Professional Standards Board.
- 11                  (c)  Board of Directors for the Center for School Safety.
- 12                  (d)  Department for Libraries and Archives.
- 13                  (e)  Kentucky Environmental Education Council.
- 14                  (f)  Kentucky Educational Television.
- 15                  (g)  Kentucky Commission on the Deaf and Hard of Hearing.
- 16                  (h)  Department of Workforce Development.
- 17                   1.   Career Development Office.
- 18                   2.   Office of Vocational Rehabilitation.
- 19                   a.   Division of Kentucky Business Enterprise.
- 20                   b.   Division of the Carl D. Perkins Vocational Training Center.
- 21                   c.   Division of Blind Services.
- 22                   d.   Division of Field Services.
- 23                   e.   Statewide Council for Vocational Rehabilitation.
- 24                   f.   Employment First Council.
- 25                   g.   Division of Program Policy and Support.
- 26                   3.   Office of Industry and Apprenticeship Services.
- 27                   a.   Division of Apprenticeship.

- 1                   b.    Division of Workforce Talent.
- 2                   4.    Kentucky Apprenticeship Council.
- 3                   5.    Division of Technical Assistance.
- 4                   6.    Office of Adult Education.
- 5                   7.    Office of the Kentucky Workforce Innovation Board.
- 6               (i)   Department of Workplace Standards.
  - 7                   1.    Division of Occupational Safety and Health Compliance.
  - 8                   2.    Division of Occupational Safety and Health Education and
  - 9                    Training.
  - 10                  3.    Division of Wages and Hours.
- 11               (j)   Office of Unemployment Insurance.
- 12               (k)   Kentucky Unemployment Insurance Commission.
- 13               (l)   Department of Workers' Claims.
  - 14                  1.    Division of Workers' Compensation Funds.
  - 15                  2.    Office of Administrative Law Judges.
  - 16                  3.    Division of Claims Processing.
  - 17                  4.    Division of Security and Compliance.
  - 18                  5.    Division of Specialist and Medical Services.
  - 19                  6.    Workers' Compensation Board.
- 20               (m)   Workers' Compensation Funding Commission.
- 21               (n)   Kentucky Occupational Safety and Health Standards Board.
- 22               (o)   State Labor Relations Board.
- 23               (p)   Employers' Mutual Insurance Authority.
- 24               (q)   Kentucky Occupational Safety and Health Review Commission.
- 25               (r)   Workers' Compensation Nominating Committee.
- 26               (s)   Office of Educational Programs.
- 27               (t)   Kentucky Workforce Innovation Board.

- 1 (u) Kentucky Commission on Proprietary Education.
- 2 (v) Kentucky Work Ready Skills Advisory Committee.
- 3 (w) Kentucky Geographic Education Board.
- 4 (x) Department for Disability Determination Services.
  - 5 1. Division of Operations.
  - 6 2. Division of Support Services.
  - 7 3. Division of Specialized Cases.
  - 8 4. Division of Case Processing.

9 III. Other departments headed by appointed officers:

- 10 (1) Council on Postsecondary Education.
- 11 (2) Department of Military Affairs.
- 12 (3) Department for Local Government.
- 13 (4) Kentucky Commission on Human Rights.
- 14 (5) Kentucky Commission on Women.
- 15 (6) Department of Veterans' Affairs.
- 16 (7) Kentucky Commission on Military Affairs.
- 17 (8) Office of Minority Empowerment.
- 18 (9) Governor's Council on Wellness and Physical Activity.
- 19 (10) Kentucky Communications Network Authority.

20 ➔Section 20. KRS 12.252 is amended to read as follows:

- 21 (1) There is established within the Public Protection Cabinet a Department of Financial
- 22 Institutions, a Department of Insurance, a Department of Housing, Buildings and
- 23 Construction, a Department of Professional Licensing, *a Department of*
- 24 *Psychoactive Substances*, and a Department of Alcoholic Beverage Control. Each
- 25 department shall be headed by a commissioner appointed by the Governor as
- 26 required by KRS 12.040 and, where appropriate, by KRS 241.015 and 304.2-020.
- 27 Commissioners shall be directly responsible to the secretary and shall perform the

1 functions, powers, and duties provided by law and prescribed by the secretary.

2 (2) The secretary of the Public Protection Cabinet shall be appointed by the Governor  
3 in accordance with KRS 12.255. The Office of the Secretary shall contain the  
4 following entities:

5 (a) The Office of Communications and Public Outreach, which shall be headed  
6 by an executive director appointed by the secretary with the approval of the  
7 Governor in accordance with KRS 12.050;

8 (b) The Office of Legal Services, which shall be headed by an executive director  
9 appointed by the secretary with the approval of the Governor in accordance  
10 with KRS 12.050 and 12.210;

11 (c) The Office of Administrative Hearings, which shall be headed by an executive  
12 director appointed by the secretary with the approval of the Governor in  
13 accordance with KRS 12.050 and 12.210; and

14 (d) The Office of Administrative Services, which shall be headed by an executive  
15 director appointed by the secretary with the approval of the Governor in  
16 accordance with KRS 12.050.

17 (3) There is established within the Public Protection Cabinet the Office of Claims and  
18 Appeals pursuant to KRS 49.010.

19 (4) There is established within the Public Protection Cabinet the Kentucky Boxing and  
20 Wrestling Commission, which shall be headed by an executive director appointed  
21 by the secretary with the approval of the Governor as required by KRS 12.050. The  
22 executive director shall be directly responsible to the secretary and shall perform  
23 the functions, powers, and duties provided by law and prescribed by the secretary.

24 ➔Section 21. KRS 138.870 is amended to read as follows:

25 As used in KRS 138.870 to 138.889, unless the context requires otherwise:

26 (1) "Controlled substance" means any controlled substance, whether real or counterfeit,  
27 as defined in KRS 218A.010 or any regulation promulgated thereunder, except that

1 it shall not include marijuana, *hemp-derived cannabinoid products as defined in*  
2 *Section 1 of this Act*, or medicinal cannabis;

3 (2) "Dosage unit" means a tablet, capsule, vial, or ampule of a controlled substance or,  
4 in cases of mass volume or diluted quantities, the proper dose or quantity of a  
5 controlled substance to be taken all at one (1) time or in fractional amounts within a  
6 given period, as defined and adopted by the United States Pharmacopeia;

7 (3) "Marijuana":

8 (a) Means marijuana, whether real or counterfeit, as defined in KRS 218A.010;f  
9 ~~and~~

10 (b) Does not include medicinal cannabis as defined in KRS 218B.010; *and*

11 *(c) Does not include hemp-derived cannabinoid products as defined in Section*  
12 *1 of this Act;*

13 (4) "Offender" means a person who engages in this state in a taxable activity as defined  
14 in subsection (6) of this section;

15 (5) "Possessing" includes either actual possession or constructive possession, or a  
16 combination of both actual and constructive possession. Mere possession or  
17 ownership of real estate or an interest therein does not establish constructive  
18 possession; and

19 (6) "Taxable activity" means producing, cultivating, manufacturing, importing,  
20 transporting, distributing, acquiring, purchasing, storing, selling, using, or otherwise  
21 possessing, in violation of KRS Chapter 218A, more than five (5) marijuana plants  
22 with foliage, 42.5 grams of marijuana which has been detached from the plant on  
23 which it grew, seven (7) grams of any controlled substance, or fifty (50) or more  
24 dosage units of any controlled substance which is not sold by weight. The weight or  
25 dosage units in this subsection shall include the weight of marijuana or the weight  
26 or dosage units of the controlled substance, whether pure, impure, or diluted. A  
27 quantity of a controlled substance is diluted if it consists of a detectable quantity of

1 a pure controlled substance and any excipients or fillers.

2 ➔Section 22. KRS 217.039 is amended to read as follows:

3 (1) As used in this section:

4 (a) "Cannabidiol" means a non-psychoactive cannabinoid found in the hemp  
5 plant Cannabis sativa which has the chemical name 2-[(1R,6R)-3-methyl-6-  
6 prop-1-en-2-ylcyclohex-2-en-1-yl]-5-pentylbenzene-1,3-diol;

7 (b) "Certificate of analysis" means a document produced by a laboratory that has  
8 been accredited pursuant to standards of the International Organization for  
9 Standardization, attesting to the composition of a product. The certificate of  
10 analysis shall include but not be limited to the amount of:

- 11 1. Delta-9 tetrahydrocannabinol;
- 12 2. **Tetrahydrocannabinolic-acid;**
- 13 3. ~~the amount of~~ Other cannabinoids;
- 14 4. ~~the amount of~~ Pesticide residues;
- 15 5. ~~the amount of~~ Heavy metal traces;
- 16 6. ~~the amount of~~ Mycotoxin contaminants;
- 17 7. ~~the amount of~~ Residual solvents; ~~and~~
- 18 8. ~~the amount of~~ Microbiological contaminants;

19 (c) "Hemp" has the same meaning as in **Section 1 of this Act**~~[KRS 260.850]~~; and

20 (d) "Quick response code" or "QR code" means a type of machine-readable, two  
21 (2) dimensional bar code that stores information about a product.

22 (2) A manufacturer or processor of **hemp-derived cannabinoid**~~[ingestible or cosmetic~~  
23 ~~cannabidiol]~~ products located in Kentucky shall:

24 (a) Be permitted~~as a food manufacturer or a cosmetic manufacturer]~~ by the  
25 **Department of Psychoactive Substances**~~[cabinet]~~ and shall provide the  
26 following information:

27 1. The name of the manufacturer or processor and the physical address

- 1 where production or processing occurs; and
- 2 2. A listing of the **hemp-derived cannabinoid**~~[cannabinoid]~~ products to be
- 3 produced or processed; and
- 4 (b) Obtain a certificate of analysis for all **hemp-derived**
- 5 **cannabinoid**~~[cannabinoid]~~ products to be sold or otherwise distributed in the
- 6 Commonwealth.
- 7 (3) All ingestible or cosmetic **hemp-derived cannabinoid**~~[cannabinoid]~~ products sold or
- 8 otherwise distributed in the Commonwealth shall bear labeling to allow the
- 9 consumer to access information on the product, including a certificate of analysis
- 10 for the product~~[, the location where the hemp was grown,]~~ and the address and
- 11 phone number of the manufacturer or distributor using the following:
- 12 (a) A scannable bar code, including the batch number or serial number of the
- 13 product;
- 14 (b) A QR code; or
- 15 (c) A web address linked to a document or website.
- 16 (4) Any product labeling or advertising material for any ingestible or cosmetic **hemp-**
- 17 **derived cannabinoid**~~[cannabinoid]~~ product sold or otherwise distributed in the
- 18 Commonwealth shall not bear any claims stating that the product can diagnose,
- 19 treat, cure, or prevent any disease.
- 20 (5) The cabinet shall promulgate administrative regulations in accordance with KRS
- 21 Chapter 13A to establish labeling requirements for ingestible or cosmetic **hemp-**
- 22 **derived cannabinoid**~~[cannabinoid]~~ products in accordance with of this section.
- 23 (6) **On and after the effective date of this Act, the Department of Psychoactive**
- 24 **Substances**~~[(a) the cabinet]~~ shall **solely** regulate and license **the**
- 25 **manufacture, distribution, and retail sale**~~[manufacturers]~~ of cannabis-infused
- 26 beverages~~[-~~
- 27 ~~(b) After the Department of Alcoholic Beverage Control has promulgated~~

1           ~~administrative regulations under KRS 243.401 or July 1, 2026, whichever is~~  
2           ~~earlier, this section shall not apply to any distributor or retailer of cannabis-~~  
3           ~~infused beverages licensed under KRS Chapters 241 to 244. The distribution~~  
4           ~~and retail sale of cannabis-infused beverages shall then be regulated solely by~~  
5           ~~the Department of Alcoholic Beverage Control under KRS Chapter 243 and~~  
6           ~~the administrative regulations promulgated thereto}.~~

7           ➔Section 23. KRS 218A.010 is amended to read as follows:

8           As used in this chapter, unless the context otherwise requires:

- 9           (1) "Administer" means the direct application of a controlled substance, whether by  
10           injection, inhalation, ingestion, or any other means, to the body of a patient or  
11           research subject by:
- 12           (a) A practitioner or by his or her authorized agent under his or her immediate  
13           supervision and pursuant to his or her order; or
  - 14           (b) The patient or research subject at the direction and in the presence of the  
15           practitioner;
- 16           (2) "Anabolic steroid" means any drug or hormonal substance chemically and  
17           pharmacologically related to testosterone that promotes muscle growth and includes  
18           those substances classified as Schedule III controlled substances pursuant to KRS  
19           218A.020 but does not include estrogens, progestins, and anticosteroids;
- 20           (3) "Cabinet" means the Cabinet for Health and Family Services;
- 21           (4) "Carfentanil" means any substance containing any quantity of carfentanil, or any of  
22           its salts, isomers, or salts of isomers;
- 23           (5) "Certified community based palliative care program" means a palliative care  
24           program which has received certification from the Joint Commission;
- 25           (6) "Child" means any person under the age of majority as specified in KRS 2.015;
- 26           (7) "Cocaine" means a substance containing any quantity of cocaine, its salts, optical  
27           and geometric isomers, and salts of isomers;

- 1 (8) "Controlled substance" means methamphetamine, or a drug, substance, or  
2 immediate precursor in Schedules I through V and includes a controlled substance  
3 analogue;
- 4 (9) (a) "Controlled substance analogue," except as provided in paragraph (b) of this  
5 subsection, means a substance:
- 6 1. The chemical structure of which is substantially similar to the structure  
7 of a controlled substance in Schedule I or II; and
  - 8 2. Which has a stimulant, depressant, or hallucinogenic effect on the  
9 central nervous system that is substantially similar to or greater than the  
10 stimulant, depressant, or hallucinogenic effect on the central nervous  
11 system of a controlled substance in Schedule I or II; or
  - 12 3. With respect to a particular person, which such person represents or  
13 intends to have a stimulant, depressant, or hallucinogenic effect on the  
14 central nervous system that is substantially similar to or greater than the  
15 stimulant, depressant, or hallucinogenic effect on the central nervous  
16 system of a controlled substance in Schedule I or II.
- 17 (b) Such term does not include:
- 18 1. Any substance for which there is an approved new drug application;
  - 19 2. With respect to a particular person, any substance if an exemption is in  
20 effect for investigational use for that person pursuant to federal law to  
21 the extent conduct with respect to such substance is pursuant to such  
22 exemption; or
  - 23 3. Any substance to the extent not intended for human consumption before  
24 the exemption described in subparagraph 2. of this paragraph takes  
25 effect with respect to that substance;
- 26 (10) "Counterfeit substance" means a controlled substance which, or the container or  
27 labeling of which, without authorization, bears the trademark, trade name, or other

1 identifying mark, imprint, number, or device, or any likeness thereof, of a  
2 manufacturer, distributor, or dispenser other than the person who in fact  
3 manufactured, distributed, or dispensed the substance;

4 (11) "Dispense" means to deliver a controlled substance to an ultimate user or research  
5 subject by or pursuant to the lawful order of a practitioner, including the packaging,  
6 labeling, or compounding necessary to prepare the substance for that delivery;

7 (12) "Dispenser" means a person who lawfully dispenses a Schedule II, III, IV, or V  
8 controlled substance to or for the use of an ultimate user;

9 (13) "Distribute" means to deliver other than by administering or dispensing a controlled  
10 substance;

11 (14) "Dosage unit" means a single pill, capsule, ampule, liquid, or other form of  
12 administration available as a single unit;

13 (15) "Drug" means:

14 (a) Substances recognized as drugs in the official United States Pharmacopoeia,  
15 official Homeopathic Pharmacopoeia of the United States, or official National  
16 Formulary, or any supplement to any of them;

17 (b) Substances intended for use in the diagnosis, care, mitigation, treatment, or  
18 prevention of disease in man or animals;

19 (c) Substances (other than food) intended to affect the structure or any function of  
20 the body of man or animals; and

21 (d) Substances intended for use as a component of any article specified in this  
22 subsection.

23 It does not include devices or their components, parts, or accessories;

24 (16) "Fentanyl" means a substance containing any quantity of fentanyl, or any of its  
25 salts, isomers, or salts of isomers;

26 (17) "Fentanyl derivative" means a substance containing any quantity of any chemical  
27 compound, except compounds specifically scheduled as controlled substances by

1 statute or by administrative regulation pursuant to this chapter, which is structurally  
2 derived from 1-ethyl-4-(N-phenylamido) piperadine:

3 (a) By substitution:

- 4 1. At the 2-position of the 1-ethyl group with a phenyl, furan, thiophene, or  
5 ethyloxotetrazole ring system; and
- 6 2. Of the terminal amido hydrogen atom with an alkyl, alkoxy, cycloalkyl,  
7 or furanyl group; and

8 (b) Which may be further modified in one (1) or more of the following ways:

- 9 1. By substitution on the N-phenyl ring to any extent with alkyl, alkoxy,  
10 haloalkyl, hydroxyl, or halide substituents;
- 11 2. By substitution on the piperadine ring to any extent with alkyl, allyl,  
12 alkoxy, hydroxy, or halide substituents at the 2-, 3-, 5-, and/or 6-  
13 positions;
- 14 3. By substitution on the piperadine ring to any extent with a phenyl,  
15 alkoxy, or carboxylate ester substituent at the 4- position; or
- 16 4. By substitution on the 1-ethyl group to any extent with alkyl, alkoxy, or  
17 hydroxy substituents;

18 (18) "Good-faith prior examination," as used in KRS Chapter 218A and for criminal  
19 prosecution only, means an in-person medical examination of the patient conducted  
20 by the prescribing practitioner or other health-care professional routinely relied  
21 upon in the ordinary course of his or her practice, at which time the patient is  
22 physically examined and a medical history of the patient is obtained. "In-person"  
23 includes telehealth examinations. This subsection shall not be applicable to hospice  
24 providers licensed pursuant to KRS Chapter 216B;

25 (19) "Hazardous chemical substance" includes any chemical substance used or intended  
26 for use in the illegal manufacture of a controlled substance as defined in this section  
27 or the illegal manufacture of methamphetamine as defined in KRS 218A.1431,

1 which:

2 (a) Poses an explosion hazard;

3 (b) Poses a fire hazard; or

4 (c) Is poisonous or injurious if handled, swallowed, or inhaled;

5 (20) "Heroin" means a substance containing any quantity of heroin, or any of its salts,  
6 isomers, or salts of isomers;

7 (21) "Hydrocodone combination product" means a drug with:

8 (a) Not more than three hundred (300) milligrams of dihydrocodeinone, or any of  
9 its salts, per one hundred (100) milliliters or not more than fifteen (15)  
10 milligrams per dosage unit, with a fourfold or greater quantity of an  
11 isoquinoline alkaloid of opium; or

12 (b) Not more than three hundred (300) milligrams of dihydrocodeinone, or any of  
13 its salts, per one hundred (100) milliliters or not more than fifteen (15)  
14 milligrams per dosage unit, with one (1) or more active, nonnarcotic  
15 ingredients in recognized therapeutic amounts;

16 (22) "Immediate precursor" means a substance which is the principal compound  
17 commonly used or produced primarily for use, and which is an immediate chemical  
18 intermediary used or likely to be used in the manufacture of a controlled substance  
19 or methamphetamine, the control of which is necessary to prevent, curtail, or limit  
20 manufacture;

21 (23) "Industrial hemp" has the same meaning as in Section 1 of this Act~~[KRS 260.850]~~;

22 (24) "Industrial hemp products" has the same meaning as in Section 1 of this Act~~[KRS~~  
23 ~~260.850]~~;

24 (25) "Intent to manufacture" means any evidence which demonstrates a person's  
25 conscious objective to manufacture a controlled substance or methamphetamine.  
26 Such evidence includes but is not limited to statements and a chemical substance's  
27 usage, quantity, manner of storage, or proximity to other chemical substances or

- 1 equipment used to manufacture a controlled substance or methamphetamine;
- 2 (26) "Isomer" means the optical isomer, except the Cabinet for Health and Family  
3 Services may include the optical, positional, or geometric isomer to classify any  
4 substance pursuant to KRS 218A.020;
- 5 (27) "Manufacture," except as provided in KRS 218A.1431, means the production,  
6 preparation, propagation, compounding, conversion, or processing of a controlled  
7 substance, either directly or indirectly by extraction from substances of natural  
8 origin or independently by means of chemical synthesis, or by a combination of  
9 extraction and chemical synthesis, and includes any packaging or repackaging of  
10 the substance or labeling or relabeling of its container except that this term does not  
11 include activities:
- 12 (a) By a practitioner as an incident to his or her administering or dispensing of a  
13 controlled substance in the course of his or her professional practice;
- 14 (b) By a practitioner, or by his or her authorized agent under his supervision, for  
15 the purpose of, or as an incident to, research, teaching, or chemical analysis  
16 and not for sale; or
- 17 (c) By a pharmacist as an incident to his or her dispensing of a controlled  
18 substance in the course of his or her professional practice;
- 19 (28) "Marijuana" means all parts of the plant Cannabis sp., whether growing or not; the  
20 seeds thereof; the resin extracted from any part of the plant; and every compound,  
21 manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin  
22 or any compound, mixture, or preparation which contains any quantity of these  
23 substances. The term "marijuana" does not include:
- 24 (a) ~~Industrial~~ Hemp that is in the possession, custody, or control of a person  
25 who holds a license issued by the Department of Agriculture permitting that  
26 person to cultivate~~[,]~~or handle~~[,]~~~~or process industrial~~ hemp;
- 27 (b) **Hemp that is in the possession, custody, or control of a person who holds a**

1 *license issued by the Department of Psychoactive Substances permitting that*  
 2 *person to handle or process hemp;*

3 (c) ~~Industrial~~ Hemp products that do not include any living plants, viable seeds,  
 4 leaf materials, or floral materials;

5 (d)~~(e)~~ *Hemp-derived cannabinoids*~~The substance cannabidiol~~, when  
 6 transferred, dispensed, or administered pursuant to the written order of a  
 7 physician practicing at a hospital or associated clinic affiliated with a  
 8 Kentucky public university having a college or school of medicine;

9 (e)~~(d)~~ For persons participating in a clinical trial or in an expanded access  
 10 program, a drug or substance approved for the use of those participants by the  
 11 United States Food and Drug Administration;

12 (f)~~(e)~~ A *hemp-derived cannabinoid*~~cannabidiol~~ product~~derived from~~  
 13 ~~industrial hemp,~~ as defined in *Section 1 of this Act*~~[KRS 260.850]~~;

14 (g)~~(f)~~ For the purpose of conducting scientific research, a cannabinoid product  
 15 derived from~~industrial~~ hemp, as defined in *Section 1 of this Act*~~[KRS~~  
 16 ~~260.850]~~;

17 (h)~~(g)~~ A cannabinoid product approved as a prescription medication by the  
 18 United States Food and Drug Administration;~~or~~

19 (i)~~(h)~~ Medicinal cannabis as defined in KRS 218B.010; *or*

20 (j) *Products regulated under KRS Chapter 239;*

21 (29) "Medical history," as used in KRS Chapter 218A and for criminal prosecution only,  
 22 means an accounting of a patient's medical background, including but not limited to  
 23 prior medical conditions, prescriptions, and family background;

24 (30) "Medical order," as used in KRS Chapter 218A and for criminal prosecution only,  
 25 means a lawful order of a specifically identified practitioner for a specifically  
 26 identified patient for the patient's health-care needs. "Medical order" may or may  
 27 not include a prescription drug order;

- 1 (31) "Medical record," as used in KRS Chapter 218A and for criminal prosecution only,  
2 means a record, other than for financial or billing purposes, relating to a patient,  
3 kept by a practitioner as a result of the practitioner-patient relationship;
- 4 (32) "Methamphetamine" means any substance that contains any quantity of  
5 methamphetamine, or any of its salts, isomers, or salts of isomers;
- 6 (33) "Narcotic drug" means any of the following, whether produced directly or indirectly  
7 by extraction from substances of vegetable origin, or independently by means of  
8 chemical synthesis, or by a combination of extraction and chemical synthesis:
- 9 (a) Opium and opiate, and any salt, compound, derivative, or preparation of  
10 opium or opiate;
- 11 (b) Any salt, compound, isomer, derivative, or preparation thereof which is  
12 chemically equivalent or identical with any of the substances referred to in  
13 paragraph (a) of this subsection, but not including the isoquinoline alkaloids  
14 of opium;
- 15 (c) Opium poppy and poppy straw;
- 16 (d) Coca leaves, except coca leaves and extracts of coca leaves from which  
17 cocaine, ecgonine, and derivatives of ecgonine or their salts have been  
18 removed;
- 19 (e) Cocaine, its salts, optical and geometric isomers, and salts of isomers;
- 20 (f) Ecgonine, its derivatives, their salts, isomers, and salts of isomers; and
- 21 (g) Any compound, mixture, or preparation which contains any quantity of any of  
22 the substances referred to in paragraphs (a) to (f) of this subsection;
- 23 (34) "Opiate" means any substance having an addiction-forming or addiction-sustaining  
24 liability similar to morphine or being capable of conversion into a drug having  
25 addiction-forming or addiction-sustaining liability. It does not include, unless  
26 specifically designated as controlled under KRS 218A.020, the dextrorotatory  
27 isomer of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan). It does

- 1 include its racemic and levorotatory forms;
- 2 (35) "Opium poppy" means the plant of the species *papaver somniferum* L., except its  
3 seeds;
- 4 (36) "Person" means individual, corporation, government or governmental subdivision  
5 or agency, business trust, estate, trust, partnership or association, or any other legal  
6 entity;
- 7 (37) "Physical injury" has the same meaning it has in KRS 500.080;
- 8 (38) "Poppy straw" means all parts, except the seeds, of the opium poppy, after mowing;
- 9 (39) "Pharmacist" means a natural person licensed by this state to engage in the practice  
10 of the profession of pharmacy;
- 11 (40) "Practitioner" means a physician, dentist, podiatrist, veterinarian, scientific  
12 investigator, optometrist as authorized in KRS 320.240, advanced practice  
13 registered nurse as authorized under KRS 314.011, physician assistant as authorized  
14 under KRS 311.858, or other person licensed, registered, or otherwise permitted by  
15 state or federal law to acquire, distribute, dispense, conduct research with respect to,  
16 or to administer a controlled substance in the course of professional practice or  
17 research in this state. "Practitioner" also includes a physician, dentist, podiatrist,  
18 veterinarian, or advanced practice registered nurse authorized under KRS 314.011  
19 who is a resident of and actively practicing in a state other than Kentucky and who  
20 is licensed and has prescriptive authority for controlled substances under the  
21 professional licensing laws of another state, unless the person's Kentucky license  
22 has been revoked, suspended, restricted, or probated, in which case the terms of the  
23 Kentucky license shall prevail;
- 24 (41) "Practitioner-patient relationship," as used in KRS Chapter 218A and for criminal  
25 prosecution only, means a medical relationship that exists between a patient and a  
26 practitioner or the practitioner's designee, after the practitioner or his or her  
27 designee has conducted at least one (1) good-faith prior examination;

- 1 (42) "Prescription" means a written, electronic, or oral order for a drug or medicine, or  
2 combination or mixture of drugs or medicines, or proprietary preparation, signed or  
3 given or authorized by a medical, dental, chiropody, veterinarian, optometric  
4 practitioner, or advanced practice registered nurse, and intended for use in the  
5 diagnosis, cure, mitigation, treatment, or prevention of disease in man or other  
6 animals;
- 7 (43) "Prescription blank," with reference to a controlled substance, means a document  
8 that meets the requirements of KRS 218A.204 and 217.216;
- 9 (44) "Presumptive probation" means a sentence of probation not to exceed the maximum  
10 term specified for the offense, subject to conditions otherwise authorized by law,  
11 that is presumed to be the appropriate sentence for certain offenses designated in  
12 this chapter, notwithstanding contrary provisions of KRS Chapter 533. That  
13 presumption shall only be overcome by a finding on the record by the sentencing  
14 court of substantial and compelling reasons why the defendant cannot be safely and  
15 effectively supervised in the community, is not amenable to community-based  
16 treatment, or poses a significant risk to public safety;
- 17 (45) "Production" includes the manufacture, planting, cultivation, growing, or harvesting  
18 of a controlled substance;
- 19 (46) "Recovery program" means an evidence-based, nonclinical service that assists  
20 individuals and families working toward sustained recovery from substance use and  
21 other criminal risk factors. This can be done through an array of support programs  
22 and services that are delivered through residential and nonresidential means;
- 23 (47) "Salvia" means *Salvia divinorum* or Salvinorin A and includes all parts of the plant  
24 presently classified botanically as *Salvia divinorum*, whether growing or not, the  
25 seeds thereof, any extract from any part of that plant, and every compound,  
26 manufacture, derivative, mixture, or preparation of that plant, its seeds, or its  
27 extracts, including salts, isomers, and salts of isomers whenever the existence of

1 such salts, isomers, and salts of isomers is possible within the specific chemical  
2 designation of that plant, its seeds, or extracts. The term shall not include any other  
3 species in the genus salvia;

4 (48) "Second or subsequent offense" means that for the purposes of this chapter an  
5 offense is considered as a second or subsequent offense, if, prior to his or her  
6 conviction of the offense, the offender has at any time been convicted under this  
7 chapter, or under any statute of the United States, or of any state relating to  
8 substances classified as controlled substances or counterfeit substances, except that  
9 a prior conviction for a nontrafficking offense shall be treated as a prior offense  
10 only when the subsequent offense is a nontrafficking offense. For the purposes of  
11 this section, a conviction voided under KRS 218A.275 or 218A.276 shall not  
12 constitute a conviction under this chapter;

13 (49) "Sell" means to dispose of a controlled substance to another person for  
14 consideration or in furtherance of commercial distribution;

15 (50) "Serious physical injury" has the same meaning it has in KRS 500.080;

16 (51) "Synthetic cannabinoids or piperazines" means any chemical compound which is  
17 not approved by the United States Food and Drug Administration or, if approved,  
18 which is not dispensed or possessed in accordance with state and federal law, that  
19 contains Benzylpiperazine (BZP); Trifluoromethylphenylpiperazine (TFMPP); 1,1-  
20 Dimethylheptyl-11-hydroxytetrahydrocannabinol (HU-210); 1-Butyl-3-(1-  
21 naphthoyl)indole; 1-Pentyl-3-(1-naphthoyl)indole; dexanabinol (HU-211); or any  
22 compound in the following structural classes:

23 (a) Naphthoylindoles: Any compound containing a 3-(1-naphthoyl)indole  
24 structure with substitution at the nitrogen atom of the indole ring by an alkyl,  
25 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-  
26 piperidiny)methyl, or 2-(4-morpholinyl)ethyl group, whether or not further  
27 substituted in the indole ring to any extent and whether or not substituted in

- 1 the naphthyl ring to any extent. Examples of this structural class include but  
2 are not limited to JWH-015, JWH-018, JWH-019, JWH-073, JWH-081, JWH-  
3 122, JWH-200, and AM-2201;
- 4 (b) Phenylacetylindoles: Any compound containing a 3-phenylacetylindole  
5 structure with substitution at the nitrogen atom of the indole ring by an alkyl,  
6 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-  
7 piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not further  
8 substituted in the indole ring to any extent and whether or not substituted in  
9 the phenyl ring to any extent. Examples of this structural class include but are  
10 not limited to JWH-167, JWH-250, JWH-251, and RCS-8;
- 11 (c) Benzoylindoles: Any compound containing a 3-(benzoyl)indole structure with  
12 substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl,  
13 alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-  
14 piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not further  
15 substituted in the indole ring to any extent and whether or not substituted in  
16 the phenyl ring to any extent. Examples of this structural class include but are  
17 not limited to AM-630, AM-2233, AM-694, Pravadoline (WIN 48,098), and  
18 RCS-4;
- 19 (d) Cyclohexylphenols: Any compound containing a 2-(3-  
20 hydroxycyclohexyl)phenol structure with substitution at the 5-position of the  
21 phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl,  
22 cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl  
23 group whether or not substituted in the cyclohexyl ring to any extent.  
24 Examples of this structural class include but are not limited to CP 47,497 and  
25 its C8 homologue (cannabicyclohexanol);
- 26 (e) Naphthylmethylindoles: Any compound containing a 1H-indol-3-yl-(1-  
27 naphthyl)methane structure with substitution at the nitrogen atom of the

- 1 indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl,  
2 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether  
3 or not further substituted in the indole ring to any extent and whether or not  
4 substituted in the naphthyl ring to any extent. Examples of this structural class  
5 include but are not limited to JWH-175, JWH-184, and JWH-185;
- 6 (f) Naphthoypyrroles: Any compound containing a 3-(1-naphthoyl)pyrrole  
7 structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl,  
8 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-  
9 piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not further  
10 substituted in the pyrrole ring to any extent and whether or not substituted in  
11 the naphthyl ring to any extent. Examples of this structural class include but  
12 are not limited to JWH-030, JWH-145, JWH-146, JWH-307, and JWH-368;
- 13 (g) Naphthylmethylindenes: Any compound containing a 1-(1-  
14 naphthylmethyl)indene structure with substitution at the 3-position of the  
15 indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl,  
16 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether  
17 or not further substituted in the indene ring to any extent and whether or not  
18 substituted in the naphthyl ring to any extent. Examples of this structural class  
19 include but are not limited to JWH-176;
- 20 (h) Tetramethylcyclopropanoylindoles: Any compound containing a 3-(1-  
21 tetramethylcyclopropoyl)indole structure with substitution at the nitrogen  
22 atom of the indole ring by an alkyl, haloalkyl, cycloalkylmethyl,  
23 cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl  
24 group, whether or not further substituted in the indole ring to any extent and  
25 whether or not further substituted in the tetramethylcyclopropyl ring to any  
26 extent. Examples of this structural class include but are not limited to UR-144  
27 and XLR-11;

- 1 (i) Adamantoylindoles: Any compound containing a 3-(1-adamantoyl)indole  
2 structure with substitution at the nitrogen atom of the indole ring by an alkyl,  
3 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-  
4 piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group, whether or not further  
5 substituted in the indole ring to any extent and whether or not substituted in  
6 the adamantyl ring system to any extent. Examples of this structural class  
7 include but are not limited to AB-001 and AM-1248; or
- 8 (j) Any other synthetic cannabinoid or piperazine which is not approved by the  
9 United States Food and Drug Administration or, if approved, which is not  
10 dispensed or possessed in accordance with state and federal law;
- 11 (52) "Synthetic cathinones" means any chemical compound which is not approved by  
12 the United States Food and Drug Administration or, if approved, which is not  
13 dispensed or possessed in accordance with state and federal law (not including  
14 bupropion or compounds listed under a different schedule) structurally derived from  
15 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl,  
16 or thiophene ring systems, whether or not the compound is further modified in one  
17 (1) or more of the following ways:
- 18 (a) By substitution in the ring system to any extent with alkyl, alkylendioxy,  
19 alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further  
20 substituted in the ring system by one (1) or more other univalent substituents.  
21 Examples of this class include but are not limited to 3,4-  
22 Methylenedioxcathinone (bk-MDA);
- 23 (b) By substitution at the 3-position with an acyclic alkyl substituent. Examples  
24 of this class include but are not limited to 2-methylamino-1-phenylbutan-1-  
25 one (buphedrone);
- 26 (c) By substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or  
27 methoxybenzyl groups, or by inclusion of the 2-amino nitrogen atom in a

1 cyclic structure. Examples of this class include but are not limited to  
2 Dimethylcathinone, Ethcathinone, and  $\alpha$ -Pyrrolidinopropiophenone ( $\alpha$ -PPP);  
3 or

4 (d) Any other synthetic cathinone which is not approved by the United States  
5 Food and Drug Administration or, if approved, is not dispensed or possessed  
6 in accordance with state or federal law;

7 (53) "Synthetic drugs" means any synthetic cannabinoids or piperazines or any synthetic  
8 cathinones;

9 (54) "Telehealth" has the same meaning it has in KRS 211.332;

10 (55) "Tetrahydrocannabinols" means synthetic equivalents of the substances contained  
11 in the plant, or in the resinous extractives of the plant Cannabis, sp. or synthetic  
12 substances, derivatives, and their isomers with similar chemical structure and  
13 pharmacological activity such as the following:

14 (a) Delta 1 cis or trans tetrahydrocannabinol, and their optical isomers;

15 (b) Delta 6 cis or trans tetrahydrocannabinol, and their optical isomers; and

16 (c) Delta 3, 4 cis or trans tetrahydrocannabinol, and its optical isomers;

17 (56) "Traffic," except as provided in KRS 218A.1431, means to manufacture, distribute,  
18 dispense, sell, transfer, or possess with intent to manufacture, distribute, dispense,  
19 or sell a controlled substance;

20 (57) "Transfer" means to dispose of a controlled substance to another person without  
21 consideration and not in furtherance of commercial distribution; and

22 (58) "Ultimate user" means a person who lawfully possesses a controlled substance for  
23 his or her own use or for the use of a member of his or her household or for  
24 administering to an animal owned by him or her or by a member of his or her  
25 household.

26 ➔Section 24. KRS 218B.010 is amended to read as follows:

27 For the purposes of this chapter, unless the context otherwise requires:

- 1 (1) "Bona fide practitioner-patient relationship" means a treating or consulting  
2 relationship, during the course of which a medicinal cannabis practitioner has:
- 3 (a) Completed an initial in-person examination and assessment of the patient's  
4 medical history and current medical condition which shall include a review  
5 of:
- 6 1. The patient's medical records for the previous twelve (12) months;  
7 2. All other available medical records relevant to the patient's qualifying  
8 medical condition;  
9 3. Any medications that the patient is currently taking; and  
10 4. Any other possible risks or side effects that may be associated with the  
11 use of medicinal cannabis;
- 12 (b) Consulted with the patient with respect to the possible medical, therapeutic,  
13 and palliative properties of medicinal cannabis;
- 14 (c) Advised the patient of the possible risks and side effects associated with the  
15 use of medicinal cannabis, including possible interactions between medicinal  
16 cannabis and any other drug or medication that the patient is taking at that  
17 time; and
- 18 (d) Established an expectation that he or she will provide follow-up care and  
19 treatment to the patient in accordance with administrative regulations  
20 promulgated pursuant to KRS 218B.050(10);
- 21 (2) "Cabinet" means the Cabinet for Health and Family Services;
- 22 (3) "Cannabis business" means an entity licensed under this chapter as a cultivator,  
23 dispensary, processor, producer, or safety compliance facility;
- 24 (4) "Cannabis business agent" means a principal officer, board member, employee,  
25 volunteer, or agent of a cannabis business;
- 26 (5) "Cardholder" means:
- 27 (a) A registered qualified patient, designated caregiver, or visiting qualified

- 1 patient who has applied for, obtained, and possesses a valid registry  
2 identification card issued by the cabinet; or
- 3 (b) A visiting qualified patient who has obtained and possesses:
- 4 1. A valid out-of-state registry identification card; and
- 5 2. Documentation of having been diagnosed with a qualifying medical  
6 condition;
- 7 (6) "Cultivator" means an entity licensed as such under KRS 218B.080, 218B.085, and  
8 218B.090;
- 9 (7) "Cultivator agent" means a principal officer, board member, employee, volunteer,  
10 or agent of a cultivator;
- 11 (8) "Designated caregiver" means a person who has registered as such with the cabinet  
12 under KRS 218B.055 and 218B.060;
- 13 (9) "Dispensary" means an entity licensed as such under KRS 218B.080, 218B.085,  
14 and 218B.090;
- 15 (10) "Dispensary agent" means a principal officer, board member, employee, volunteer,  
16 or agent of a dispensary;
- 17 (11) "Disqualifying felony offense" means:
- 18 (a) A felony offense that resulted in the person being classified by the  
19 Department of Corrections as a violent offender under KRS 439.3401; or
- 20 (b) A violation of a state or federal controlled substance law that was classified as  
21 a felony in the jurisdiction where the person was convicted, except:
- 22 1. An offense for which the sentence, including any term of probation,  
23 incarceration, or supervised release, was completed five (5) or more  
24 years earlier; or
- 25 2. An offense that, as determined by the cabinet, consisted of conduct for  
26 which this chapter would likely have prevented a conviction, but the  
27 conduct either occurred prior to the enactment of this chapter or was

- 1 prosecuted by an authority other than the Commonwealth of Kentucky;
- 2 (12) "Enclosed, locked facility" means an indoor growing space such as a room,  
3 greenhouse, building, or other indoor enclosed area that is maintained and operated  
4 by a cultivator or producer and is equipped with locks and other security devices  
5 that permit access only by authorized agents of the cultivator or producer, as  
6 required by the cabinet;
- 7 (13) "Growth area" has the same meaning as an enclosed, locked facility;
- 8 (14) "Marijuana" has the same meaning as in KRS 218A.010;
- 9 (15) "Medicinal cannabis":
- 10 (a) Means marijuana as defined in KRS 218A.010 when cultivated, harvested,  
11 processed, produced, transported, dispensed, distributed, sold, possessed, or  
12 used in accordance with this chapter;
- 13 (b) Includes medicinal cannabis products and raw plant material; and
- 14 (c) Does not include ~~industrial~~ hemp, ~~or~~ industrial hemp products, **and hemp-**  
15 **derived cannabinoid products** as defined in **Section 1 of this Act** ~~KRS~~  
16 ~~260.850~~;
- 17 (16) "Medicinal cannabis accessories" means any equipment, product, or material of any  
18 kind which is used, intended for use, or designed for use in the preparing, storing,  
19 using, or consuming medicinal cannabis in accordance with this chapter;
- 20 (17) "Medicinal cannabis practitioner" means a physician or an advanced practice  
21 registered nurse who is authorized to prescribe controlled substances under KRS  
22 314.042, who is authorized by his or her state licensing board to provide written  
23 certifications pursuant to KRS 218B.050;
- 24 (18) "Medicinal cannabis product":
- 25 (a) Means any compound, manufacture, salt, derivative, mixture, or preparation  
26 of any part of the plant Cannabis sp., its seeds or its resin; or any compound,  
27 mixture, or preparation which contains any quantity of these substances when

- 1 cultivated, harvested, processed, produced, transported, dispensed, distributed,  
2 sold, possessed, or used in accordance with this chapter; and
- 3 (b) Does not include industrial hemp products and hemp-derived cannabinoid  
4 products as defined in Section 1 of this Act~~[KRS 260.850]~~;
- 5 (19) "Minor" means a person less than eighteen (18) years of age;
- 6 (20) "Out-of-state registry identification card" means a registry identification card, or an  
7 equivalent document, that was issued pursuant to the laws of another state, district,  
8 territory, commonwealth, or insular possession of the United States;
- 9 (21) "Processor" means an entity licensed as such under KRS 218B.080, 218B.085, and  
10 218B.090;
- 11 (22) "Processor agent" means a principal officer, board member, employee, volunteer, or  
12 agent of a processor;
- 13 (23) "Producer" means an entity licensed as such under KRS 218B.080, 218B.085, and  
14 218B.090;
- 15 (24) "Producer agent" means a principal officer, board member, employee, volunteer, or  
16 agent of a producer;
- 17 (25) "Qualified patient" means a person who has obtained a written certification from a  
18 medicinal cannabis practitioner with whom he or she has a bona fide practitioner-  
19 patient relationship;
- 20 (26) "Qualifying medical condition" means:
- 21 (a) Any type or form of cancer regardless of stage;
- 22 (b) Chronic, severe, intractable, or debilitating pain;
- 23 (c) Epilepsy or any other intractable seizure disorder;
- 24 (d) Multiple sclerosis, muscle spasms, or spasticity;
- 25 (e) Chronic nausea or cyclical vomiting syndrome that has proven resistant to  
26 other conventional medical treatments;
- 27 (f) Post-traumatic stress disorder; and

- 1 (g) Any other medical condition or disease for which the Kentucky Center for  
2 Cannabis established in KRS 164.983, or its successor, determines that  
3 sufficient scientific data and evidence exists to demonstrate that an individual  
4 diagnosed with that condition or disease is likely to receive medical,  
5 therapeutic, or palliative benefits from the use of medicinal cannabis;
- 6 (27) "Raw plant material":
- 7 (a) Means the trichome-covered part of the female plant Cannabis sp. or any  
8 mixture of shredded leaves, stems, seeds, and flowers of the Cannabis sp.  
9 plant; and
- 10 (b) Does not include plant material obtained from ~~industrial~~ hemp as defined in  
11 Section 1 of this Act ~~[KRS 260.850]~~;
- 12 (28) "Registered qualified patient" means a qualified patient who has applied for,  
13 obtained, and possesses a valid registry identification card issued by the cabinet;
- 14 (29) "Registry identification card" means a document issued by the cabinet that  
15 identifies a person as a registered qualified patient, visiting qualified patient, or  
16 designated caregiver;
- 17 (30) "Safety compliance facility" means an entity licensed as such under KRS 218B.080,  
18 218B.085, and 218B.090;
- 19 (31) "Safety compliance facility agent" means a principal officer, board member,  
20 employee, volunteer, or agent of a safety compliance facility;
- 21 (32) "Seedling" means a medicinal cannabis plant that has no flowers and is not taller  
22 than eight (8) inches;
- 23 (33) "Serious violation" means:
- 24 (a) Any violation of this chapter or any administrative regulation promulgated  
25 thereunder that is capable of causing death or which causes serious and  
26 prolonged disfigurement, prolonged impairment of health, or prolonged loss  
27 or impairment of the function of any bodily organ;

- 1 (b) The diversion of medicinal cannabis for use not regulated pursuant to this  
2 chapter; or
- 3 (c) Any act that would constitute a violation of KRS 218A.1421;
- 4 (34) "Smoking" means the inhalation of smoke produced from the combustion of raw  
5 plant material when ignited by a flame;
- 6 (35) "State licensing board" means:
- 7 (a) The Kentucky Board of Medical Licensure; or  
8 (b) The Kentucky Board of Nursing;
- 9 (36) "Telehealth" has the same meaning as in KRS 211.332;
- 10 (37) "Use of medicinal cannabis":
- 11 (a) Includes the acquisition, administration, possession, transfer, transportation,  
12 or consumption of medicinal cannabis or medicinal cannabis accessories by a  
13 cardholder in accordance with this chapter; and
- 14 (b) Does not include:
- 15 1. Cultivation of marijuana by a cardholder;  
16 2. The use or consumption of marijuana by smoking; or  
17 3. The use of ~~industrial~~ hemp, ~~or~~ industrial hemp products, **and hemp-**  
18 **derived cannabinoid products** as defined in **Section 1 of this Act** ~~KRS~~  
19 ~~260.850~~;
- 20 (38) "Visiting qualified patient" means a person who has registered as such through the  
21 cabinet as required under this chapter or who possesses a valid out-of-state registry  
22 identification card and documentation of having been diagnosed with a qualifying  
23 medical condition; and
- 24 (39) "Written certification" means a document dated and signed by a medicinal cannabis  
25 practitioner, that:
- 26 (a) States, that in the medicinal cannabis practitioner's professional medical  
27 opinion, the patient may receive medical, therapeutic, or palliative benefit

- 1 from the use of medicinal cannabis;
- 2 (b) Specifies the qualifying medical condition or conditions for which the  
3 medicinal cannabis practitioner believes the patient may receive medical,  
4 therapeutic, or palliative benefit; and
- 5 (c) Affirms that the medicinal cannabis practitioner has a bona fide practitioner-  
6 patient relationship with the patient.

7 ➔Section 25. KRS 218B.015 is amended to read as follows:

- 8 (1) ~~Nothing in~~ This chapter shall ***not*** be construed as applying to ~~industrial~~ hemp, ~~f~~  
9 ~~or~~ industrial hemp, ***or hemp-derived cannabinoid*** products as defined in ***Section 1***  
10 ***of this Act*** ~~[KRS 260.850]~~.
- 11 (2) Notwithstanding any provision of law to the contrary, and except as provided in  
12 subsections (3) and (4) of this section and KRS 218B.035:
- 13 (a) The use of medicinal cannabis by a cardholder shall be considered lawful if  
14 done in accordance with this chapter and any administrative regulations  
15 promulgated thereunder;
- 16 (b) The acquisition, blending, cultivation, delivery, distribution, manufacturing,  
17 manipulation, packaging for sale, preparation, possession, sale, testing,  
18 transportation, or transfer of medicinal cannabis or medicinal cannabis  
19 accessories by a cannabis business or cannabis business agent shall be  
20 considered lawful if done in accordance with this chapter and any  
21 administrative regulations promulgated thereunder;
- 22 (c) A registered qualified patient or visiting qualified patient shall not be  
23 considered to be under the influence of medicinal cannabis solely because of  
24 the presence of tetrahydrocannabinol metabolites, including but not limited to  
25 the cannabinoid carboxy THC, which is also known as THC-COOH;
- 26 (d) A medicinal cannabis practitioner shall not be subject, under the laws of the  
27 Commonwealth, to arrest, prosecution, or penalty in any manner, or denied

1 any right or privilege, including but not limited to a civil penalty or  
 2 disciplinary action by a state licensing board or by any other occupational or  
 3 professional licensing board, solely for providing written certifications or for  
 4 otherwise stating that, in the medicinal cannabis practitioner's professional  
 5 opinion, a patient may receive medical, therapeutic, or palliative benefit from  
 6 the use of medicinal cannabis, if done in accordance with this chapter;

7 (e) An attorney shall not be subject, under the laws of the Commonwealth, to  
 8 arrest, prosecution, or penalty in any manner, or denied any right or privilege,  
 9 including but not limited to a civil penalty or disciplinary action by the  
 10 Kentucky Court of Justice, Kentucky Bar Association, or by any other  
 11 professional licensing board, solely for providing an individual or cannabis  
 12 business with legal assistance related to activity that is no longer subject to  
 13 criminal penalties under state law pursuant to this chapter;~~and~~

14 (f) ~~A~~~~no~~ person shall ***not*** be subject, under the laws of the Commonwealth, to  
 15 arrest, prosecution, or penalty in any manner, or denied any right or privilege,  
 16 including but not limited to a civil penalty or disciplinary action by an  
 17 occupational or professional licensing board, solely for providing assistance  
 18 or services, including but not limited to accounting services, financial  
 19 services, security services, or business consulting services, to any individual  
 20 or cannabis business related to activity that is no longer subject to criminal  
 21 penalties under state law pursuant to this chapter; ***and***

22 ***(g) The Cabinet shall promulgate an emergency administrative regulation in***  
 23 ***accordance with KRS Chapter 13A to permit the transfer or sale of hemp***  
 24 ***floral material from a hemp cultivator licensed by the Kentucky Department***  
 25 ***of Agriculture to a licensed processor, producer, or dispensary.***

26 (3) ~~Nothing in~~ Subsection (2) of this section shall ***not*** be construed or interpreted to:

27 (a) Prohibit the arrest, prosecution, or imposition of any other penalty arising

1 from but not limited to breach of contract, breach of fiduciary duty,  
2 negligence, or engaging in criminal activity that would constitute a felony or  
3 misdemeanor; or

4 (b) Prevent a medicinal cannabis practitioner from being subject to administrative  
5 penalties imposed by his or her state licensing board for any violation of this  
6 chapter or any administrative regulation promulgated thereunder.

7 (4) Notwithstanding subsection (2) of this section and any other provision of law to the  
8 contrary, a cardholder who is licensed under KRS Chapter 311 or KRS Chapter 314  
9 may be subject to intervention or disciplinary action by his or her state licensing  
10 board if:

11 (a) There is probable cause to believe that the cardholder has become impaired  
12 by, or otherwise abused, medicinal cannabis; or

13 (b) The cardholder has a medically diagnosable disease that is characterized by  
14 chronic, habitual, or periodic use of medicinal cannabis resulting in  
15 interference with the cardholder's professional, social, or economic functions  
16 in the community or the loss of powers of self-control regarding the use of  
17 medicinal cannabis.

18 ➔Section 26. KRS 241.010 is amended to read as follows:

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

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

22 (2) "Alcoholic beverage" means every liquid, solid, powder, or crystal, whether  
23 patented or not, containing alcohol in an amount in excess of more than one percent  
24 (1%) of alcohol by volume, which is fit for beverage purposes. It includes every  
25 spurious or imitation liquor sold as, or under any name commonly used for,  
26 alcoholic beverages, whether containing any alcohol or not. It does not include the  
27 following products:

- 1 (a) Medicinal preparations manufactured in accordance with formulas prescribed  
2 by the United States Pharmacopoeia, National Formulary, or the American  
3 Institute of Homeopathy;
- 4 (b) Patented, patent, and proprietary medicines;
- 5 (c) Toilet, medicinal, and antiseptic preparations and solutions;
- 6 (d) Flavoring extracts and syrups;
- 7 (e) Denatured alcohol or denatured rum;
- 8 (f) Vinegar and preserved sweet cider;
- 9 (g) Wine for sacramental purposes; and
- 10 (h) Alcohol unfit for beverage purposes that is to be sold for legitimate external  
11 use;
- 12 (3) (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine,  
13 or process that mixes liquor, spirits, or any other alcohol product with pure  
14 oxygen or by any other means produces a vaporized alcoholic product used  
15 for human consumption;
- 16 (b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler,  
17 nebulizer, atomizer, or other device that is designed and intended by the  
18 manufacturer to dispense a prescribed or over-the-counter medication or a  
19 device installed and used by a licensee under this chapter to demonstrate the  
20 aroma of an alcoholic beverage;
- 21 (4) "Automobile race track" means a facility primarily used for vehicle racing that has a  
22 seating capacity of at least thirty thousand (30,000) people;
- 23 (5) "Barrel-aged and batched cocktail" means an alcoholic beverage that is:
- 24 (a) Composed of:
- 25 1. Distilled spirits that have been dispensed from their original sealed  
26 container; and
- 27 2. Other ingredients or alcoholic beverages;

- 1 (b) Placed into a barrel or container on the premises of a retail licensee; and
- 2 (c) Dispensed from the barrel or container as a retail sale by the drink;
- 3 (6) "Bed and breakfast" means a one (1) family dwelling unit that:
- 4 (a) Has guest rooms or suites used, rented, or hired out for occupancy or that are
- 5 occupied for sleeping purposes by persons not members of the single-family
- 6 unit;
- 7 (b) Holds a permit under KRS Chapter 219; and
- 8 (c) Has an innkeeper who resides on the premises or property adjacent to the
- 9 premises during periods of occupancy;
- 10 (7) "Board" means the State Alcoholic Beverage Control Board created by KRS
- 11 241.030;
- 12 (8) "Bottle" means any container which is used for holding alcoholic beverages for the
- 13 use and sale of alcoholic beverages at retail;
- 14 (9) "Brewer" means any person who manufactures malt beverages or owns, occupies,
- 15 carries on, works, or conducts any brewery, either alone or through an agent;
- 16 (10) "Brewery" means any place or premises where malt beverages are manufactured for
- 17 sale, and includes all offices, granaries, mash rooms, cooling rooms, vaults, yards,
- 18 and storerooms connected with the premises; or where any part of the process of the
- 19 manufacture of malt beverages is carried on; or where any apparatus connected with
- 20 manufacture is kept or used; or where any of the products of brewing or
- 21 fermentation are stored or kept;
- 22 (11) "Building containing licensed premises" means the licensed premises themselves
- 23 and includes the land, tract of land, or parking lot in which the premises are
- 24 contained, and any part of any building connected by direct access or by an
- 25 entrance which is under the ownership or control of the licensee by lease holdings
- 26 or ownership;
- 27 (12) ~~"Cannabinoid" means a compound found in the hemp plant Cannabis sativa L. from~~

1 ~~a United States Department of Agriculture sanctioned domestic hemp production~~  
2 ~~program and does not include cannabinoids derived from any other substance;~~

3 ~~(13) "Cannabis infused beverage":~~

4 ~~(a) Means a properly permitted adult use cannabinoid liquid product intended for~~  
5 ~~human consumption that has intoxicating properties that change the function~~  
6 ~~of the nervous system and results in alterations of perception, cognition, or~~  
7 ~~behavior and shall not contain more than five (5) milligrams of intoxicating~~  
8 ~~adult use cannabinoids per twelve (12) ounce serving; and~~

9 ~~(b) Shall not include:~~

10 ~~1. Medicinal cannabis regulated under KRS Chapter 218B;~~

11 ~~2. Any type of hemp tincture; and~~

12 ~~3. Any product containing solely nonintoxicating cannabinoids;~~

13 ~~(14)~~ "Caterer" means a person operating a food service business that prepares food in a  
14 licensed and inspected commissary, transports the food and alcoholic beverages to  
15 the caterer's designated and inspected banquet hall or to an agreed location, and  
16 serves the food and alcoholic beverages pursuant to an agreement with another  
17 person;

18 ~~(13)~~~~(15)~~ "Charitable organization" means a nonprofit entity recognized as exempt from  
19 federal taxation under Section 501(c) of the Internal Revenue Code, 26 U.S.C. sec.  
20 501(c), or any organization having been established and continuously operating  
21 within the Commonwealth of Kentucky for charitable purposes for three (3) years  
22 and which expends at least sixty percent (60%) of its gross revenue exclusively for  
23 religious, educational, literary, civic, fraternal, or patriotic purposes;

24 ~~(14)~~~~(16)~~ "Cider" means any fermented fruit-based beverage containing seven percent  
25 (7%) or more alcohol by volume and includes hard cider and perry cider;

26 ~~(15)~~~~(17)~~ "City administrator" means city alcoholic beverage control administrator;

27 ~~(16)~~~~(18)~~ "Commercial airport" means an airport through which more than five hundred

1 thousand (500,000) passengers arrive or depart annually;

2 ~~(17)~~~~(19)~~ (a) "Commercial quadricycle" means a vehicle equipped with a minimum  
3 of ten (10) pairs of fully operative pedals for propulsion by means of human  
4 muscular power and which:  
5 1. Has four (4) wheels;  
6 2. Is operated in a manner similar to that of a bicycle;  
7 3. Is equipped with a minimum of thirteen (13) seats for passengers;  
8 4. Has a unibody design;  
9 5. Is equipped with a minimum of four (4) hydraulically operated brakes;  
10 6. Is used for commercial tour purposes;  
11 7. Is operated by the vehicle owner or an employee of the owner; and  
12 8. Has an electrical assist system that shall only be used when traveling to  
13 or from its storage location while not carrying passengers.

14 (b) A "commercial quadricycle" is not a motor vehicle as defined in KRS 186.010  
15 or 189.010;

16 ~~(18)~~~~(20)~~ "Commissioner" means the commissioner of the Department of Alcoholic  
17 Beverage Control;

18 ~~(19)~~~~(21)~~ "Consumer" means a person, persons, or business organization who purchases  
19 alcoholic beverages and who:

20 (a) Does not hold a license or permit issued by the department;

21 (b) Purchases the alcoholic beverages for personal consumption only and not for  
22 resale;

23 (c) Is of lawful drinking age; and

24 (d) Receives the alcoholic beverages in territory where the alcoholic beverages  
25 may be lawfully sold or received;

26 ~~(20)~~~~(22)~~ "Convention center" means any facility which, in its usual and customary  
27 business, provides seating for a minimum of one thousand (1,000) people and offers

1 convention facilities and related services for seminars, training and educational  
2 purposes, trade association meetings, conventions, or civic and community events  
3 or for plays, theatrical productions, or cultural exhibitions;

4 ~~(21)~~~~(23)~~ "Convicted" and "conviction" means a finding of guilt resulting from a plea of  
5 guilty, the decision of a court, or the finding of a jury, irrespective of a  
6 pronouncement of judgment or the suspension of the judgment;

7 ~~(22)~~~~(24)~~ "County administrator" means county alcoholic beverage control  
8 administrator;

9 ~~(23)~~~~(25)~~ "Department" means the Department of Alcoholic Beverage Control;

10 ~~(24)~~~~(26)~~ "Dining car" means a railroad passenger car that serves meals to consumers  
11 on any railroad or Pullman car company;

12 ~~(25)~~~~(27)~~ "Discount in the usual course of business" means price reductions, rebates,  
13 refunds, and discounts given by wholesalers to distilled spirits and wine retailers  
14 pursuant to an agreement made at the time of the sale of the merchandise involved  
15 and are considered a part of the sales transaction, constituting reductions in price  
16 pursuant to the terms of the sale, irrespective of whether the quantity discount was:

17 (a) Prorated and allowed on each delivery;

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

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

21 ~~(26)~~~~(28)~~ "Distilled spirits" or "spirits" means any product capable of being consumed  
22 by a human being which contains alcohol obtained by distilling, mixed with water  
23 or other substances in solution, except wine, hard cider, and malt beverages;

24 ~~(27)~~~~(29)~~ "Distiller" means any person who is engaged in the business of manufacturing  
25 distilled spirits at any distillery in the state and is registered in the Office of the  
26 Collector of Internal Revenue for the United States at Louisville, Kentucky;

27 ~~(28)~~~~(30)~~ "Distillery" means any place or premises where distilled spirits are

1 manufactured for sale, and which are registered in the office of any collector of  
2 internal revenue for the United States. It includes any United States government  
3 bonded warehouse;

4 (29)~~[(31)]~~ "Distributor" means any person who distributes malt beverages for the  
5 purpose of being sold at retail;

6 (30)~~[(32)]~~ "Dry" means a territory in which a majority of the electorate voted to prohibit  
7 all forms of retail alcoholic beverage sales through a local option election held  
8 under KRS Chapter 242;

9 (31)~~[(33)]~~ "Election" means:

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

13 (b) Any other election not pertaining to alcoholic beverages;

14 (32)~~[(34)]~~ "Horse racetrack" means a facility licensed to conduct a horse race meeting  
15 under KRS Chapter 230;

16 (33)~~[(35)]~~ "Hotel" means a hotel, motel, or inn for accommodation of the traveling  
17 public, designed primarily to serve transient patrons;

18 (34)~~[(36)]~~ "Investigator" means any employee or agent of the department who is  
19 regularly employed and whose primary function is to travel from place to place for  
20 the purpose of visiting licensees, and any employee or agent of the department who  
21 is assigned, temporarily or permanently, by the commissioner to duty outside the  
22 main office of the department at Frankfort, in connection with the administration of  
23 alcoholic beverage statutes;

24 (35)~~[(37)]~~ "License" means any license issued pursuant to KRS Chapters 241 to 244;

25 (36)~~[(38)]~~ "Licensee" means any person to whom a license has been issued, pursuant to  
26 KRS Chapters 241 to 244;

27 (37)~~[(39)]~~ "Limited restaurant" means:

- 1 (a) A facility where the usual and customary business is the preparation and  
2 serving of meals to consumers, which has a bona fide kitchen facility, which  
3 receives at least seventy percent (70%) of its food and alcoholic beverage  
4 receipts from the sale of food, which maintains a minimum seating capacity of  
5 fifty (50) persons for dining, which has no open bar, which requires that  
6 alcoholic beverages be sold in conjunction with the sale of a meal, and which  
7 is located in a wet or moist territory under KRS 242.1244; or
- 8 (b) A facility where the usual and customary business is the preparation and  
9 serving of meals to consumers, which has a bona fide kitchen facility, which  
10 receives at least seventy percent (70%) of its food and alcoholic beverage  
11 receipts from the sale of food, which maintains a minimum seating capacity of  
12 one hundred (100) persons of dining, and which is located in a wet or moist  
13 territory under KRS 242.1244;
- 14 (38)~~[(40)]~~ "Local administrator" means a city alcoholic beverage control administrator,  
15 county alcoholic beverage control administrator, or urban-county alcoholic  
16 beverage control administrator;
- 17 (39)~~[(41)]~~ "Malt beverage" means any fermented undistilled alcoholic beverage of any  
18 name or description, manufactured from malt wholly or in part, or from any  
19 substitute for malt, and includes weak cider;
- 20 (40)~~[(42)]~~ "Manufacture" means distill, rectify, brew, bottle, and operate a winery;
- 21 (41)~~[(43)]~~ "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other  
22 person engaged in the production or bottling of alcoholic beverages;
- 23 (42)~~[(44)]~~ "Marina" means a dock or basin providing moorings for boats and offering  
24 supply, repair, or other services for remuneration;
- 25 (43)~~[(45)]~~ "Minor" means any person who is not twenty-one (21) years of age or older;
- 26 (44)~~[(46)]~~ "Moist" means a territory in which a majority of the electorate voted to permit  
27 limited alcoholic beverage sales by any one (1) or a combination of special limited

1 local option elections authorized by KRS Chapter 242;

2 ~~(45)~~~~(47)~~ "Population" means the population figures established by the federal  
3 decennial census for a census year or the current yearly population estimates  
4 prepared by the Kentucky State Data Center, Urban Studies Center of the  
5 University of Louisville, Louisville, Kentucky, for all other years;

6 ~~(46)~~~~(48)~~ "Premises" means the land and building in and upon which any business  
7 regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall  
8 not include as a single unit two (2) or more separate businesses of one (1) owner on  
9 the same lot or tract of land, in the same or in different buildings if physical and  
10 permanent separation of the premises is maintained, excluding employee access by  
11 keyed entry and emergency exits equipped with crash bars, and each has a separate  
12 public entrance accessible directly from the sidewalk or parking lot. Any licensee  
13 holding an alcoholic beverage license on July 15, 1998, shall not, by reason of this  
14 subsection, be ineligible to continue to hold his or her license or obtain a renewal,  
15 of the license;

16 ~~(47)~~~~(49)~~ "Primary source of supply" or "supplier" means the distiller, winery, brewer,  
17 producer, owner of the commodity at the time it becomes a marketable product,  
18 bottler, or authorized agent of the brand owner. In the case of imported products,  
19 the primary source of supply means either the foreign producer, owner, bottler, or  
20 agent of the prime importer from, or the exclusive agent in, the United States of the  
21 foreign distiller, producer, bottler, or owner;

22 ~~(48)~~~~(50)~~ "Private club" means a nonprofit social, fraternal, military, or political  
23 organization, club, or nonprofit or for-profit entity maintaining or operating a club  
24 room, club rooms, or premises from which the general public is excluded;

25 ~~(49)~~~~(51)~~ "Private selection event" means a private event with a licensed distiller during  
26 which participating consumers, retail licensees, wholesalers, distributors, or a  
27 distillery's own representatives select a single barrel or a blend of barrels of the

1 distiller's products to be specially packaged for the participants;

2 ~~(50)~~~~(52)~~ "Private selection package" means a bottle of distilled spirits sourced from the  
3 barrel or barrels selected by participating consumers, retail licensees, wholesalers,  
4 distributors, microbreweries that hold a quota retail drink or quota retail package  
5 license, or a distillery's own representatives during a private selection event;

6 ~~(51)~~~~(53)~~ "Public nuisance" means a condition that endangers safety or health, is  
7 offensive to the senses, or obstructs the free use of property so as to interfere with  
8 the comfortable enjoyment of life or property by a community or neighborhood or  
9 by any considerable number of persons;

10 ~~(52)~~~~(54)~~ "Qualified historic site" means:

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

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

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

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

21 ~~(53)~~~~(55)~~ "Rectifier" means any person who rectifies, purifies, or refines distilled  
22 spirits, malt, or wine by any process other than as provided for on distillery  
23 premises, and every person who, without rectifying, purifying, or refining distilled  
24 spirits by mixing alcoholic beverages with any materials, manufactures any  
25 imitations of or compounds liquors for sale under the name of whiskey, brandy, gin,  
26 rum, wine, spirits, cordials, bitters, or any other name;

27 ~~(54)~~~~(56)~~ "Repackaging" means the placing of alcoholic beverages in any retail

1 container irrespective of the material from which the container is made;

2 ~~(55)~~~~(57)~~ "Restaurant" means a facility where the usual and customary business is the  
3 preparation and serving of meals to consumers, that has a bona fide kitchen facility,  
4 and that receives at least fifty percent (50%) of its food and alcoholic beverage  
5 receipts from the sale of food at the premises;

6 ~~(56)~~~~(58)~~ "Retail container" means any bottle, can, barrel, or other container which,  
7 without a separable intermediate container, holds alcoholic beverages and is  
8 suitable and destined for sale to a retail outlet, whether it is suitable for delivery or  
9 shipment to the consumer or not;

10 ~~(57)~~~~(59)~~ "Retail sale" means any sale of alcoholic beverages to a consumer, including  
11 those transactions taking place in person, electronically, online, by mail, or by  
12 telephone;

13 ~~(58)~~~~(60)~~ "Retailer" means any licensee who sells and delivers any alcoholic beverage  
14 to consumers, except for manufacturers with limited retail sale privileges and direct  
15 shipper licensees;

16 ~~(59)~~~~(61)~~ "Riverboat" means any boat or vessel with a regular place of mooring in this  
17 state that is licensed by the United States Coast Guard to carry forty (40) or more  
18 passengers for hire on navigable waters in or adjacent to this state;

19 ~~(60)~~~~(62)~~ "Sale" means any transfer, exchange, or barter for consideration, and includes  
20 all sales made by any person, whether principal, proprietor, agent, servant, or  
21 employee, of any alcoholic beverage;

22 ~~(61)~~~~(63)~~ "Service bar" means a bar, counter, shelving, or similar structure used for  
23 storing or stocking supplies of alcoholic beverages that is a workstation where  
24 employees prepare alcoholic beverage drinks to be delivered to customers away  
25 from the service bar;

26 ~~(62)~~~~(64)~~ "Sell" includes solicit or receive an order for, keep or expose for sale, keep  
27 with intent to sell, and the delivery of any alcoholic beverage;

1 ~~(63)~~~~(65)~~ "Small farm winery" means a winery whose wine production is not less than  
2 two hundred fifty (250) gallons and not greater than five hundred thousand  
3 (500,000) gallons in a calendar year;

4 ~~(64)~~~~(66)~~ "Souvenir package" means a special package of distilled spirits available from  
5 a licensed retailer that is:

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

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

10 ~~(65)~~~~(67)~~ "State administrator" or "administrator" means the distilled spirits  
11 administrator or the malt beverages administrator, or both, as the context requires;

12 ~~(66)~~~~(68)~~ "State park" means a state park that has a:

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

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

15 ~~(67)~~~~(69)~~ "Supplemental bar" means a bar, counter, shelving, or similar structure used  
16 for serving and selling distilled spirits or wine by the drink for consumption on the  
17 licensed premises to guests and patrons from additional locations other than the  
18 main bar;

19 ~~(68)~~~~(70)~~ "Territory" means a county, city, district, or precinct;

20 ~~(69)~~~~(71)~~ "Urban-county administrator" means an urban-county alcoholic beverage  
21 control administrator;

22 ~~(70)~~~~(72)~~ "Valid identification document" means an unexpired, government-issued form  
23 of identification that contains the photograph and date of birth of the individual to  
24 whom it is issued;

25 ~~(71)~~~~(73)~~ "Vehicle" means any device or animal used to carry, convey, transport, or  
26 otherwise move alcoholic beverages or any products, equipment, or appurtenances  
27 used to manufacture, bottle, or sell these beverages;

1 ~~(72)~~~~(74)~~ "Vintage distilled spirit" means:

2 (a) A private selection package; or

3 (b) A package or packages of distilled spirits that:

4 1. Are in their original manufacturer's unopened container;

5 2. Are not owned by a distillery; and

6 3. Are not otherwise available for purchase from a licensed wholesaler  
7 within the Commonwealth;

8 ~~(73)~~~~(75)~~ (a) "Vintage distilled spirits seller" means a nonlicensed person at least  
9 twenty-one (21) years of age who is:

10 1. An administrator, executor, receiver, or other fiduciary who receives and  
11 sells vintage distilled spirits in execution of the person's fiduciary  
12 capacity;

13 2. A creditor who receives or takes possession of vintage distilled spirits as  
14 security for, or in payment of, debt, in whole or in part;

15 3. A public officer or court official who levies on vintage distilled spirits  
16 under order or process of any court or magistrate to sell the vintage  
17 distilled spirits in satisfaction of the order or process; or

18 4. Any other person not engaged in the business of selling alcoholic  
19 beverages.

20 (b) "Vintage distilled spirits seller" does not mean:

21 1. A person selling alcoholic beverages as part of an approved KRS  
22 243.630 transfer; or

23 2. A person selling alcoholic beverages as authorized by KRS 243.540;

24 ~~(74)~~~~(76)~~ "Warehouse" means any place in which alcoholic beverages are housed or  
25 stored;

26 ~~(75)~~~~(77)~~ "Weak cider" means any fermented fruit-based beverage containing more than  
27 one percent (1%) but less than seven percent (7%) alcohol by volume;

1 ~~(76)~~~~(78)~~ "Wet" means a territory in which a majority of the electorate voted to permit  
2 all forms of retail alcoholic beverage sales by a local option election under KRS  
3 242.050 or 242.125 on the following question: "Are you in favor of the sale of  
4 alcoholic beverages in (name of territory)?";

5 ~~(77)~~~~(79)~~ "Wholesale sale" means a sale to any person for the purpose of resale;

6 ~~(78)~~~~(80)~~ "Wholesaler" means any person who distributes alcoholic beverages for the  
7 purpose of being sold at retail, but it shall not include a subsidiary of a  
8 manufacturer or cooperative of a retail outlet;

9 ~~(79)~~~~(81)~~ "Wine" means the product of the normal alcoholic fermentation of the juices  
10 of fruits, with the usual processes of manufacture and normal additions, and  
11 includes champagne and sparkling and fortified wine of an alcoholic content not to  
12 exceed twenty-four percent (24%) by volume. It includes sake, cider, hard cider,  
13 and perry cider and also includes preparations or mixtures vended in retail  
14 containers if these preparations or mixtures contain not more than fifteen percent  
15 (15%) of alcohol by volume. It does not include weak cider; and

16 ~~(80)~~~~(82)~~ "Winery" means any place or premises in which wine is manufactured from  
17 any fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials  
18 are compounded, except a place or premises that manufactures wine for sacramental  
19 purposes exclusively.

20 ➔Section 27. KRS 241.020 is amended to read as follows:

21 (1) The department shall administer statutes relating to, and regulate traffic in,  
22 alcoholic beverages, except that the collection of taxes shall be administered by the  
23 Department of Revenue. The department may issue advisory opinions and  
24 declaratory rulings related to KRS Chapters 241 to 244 and the administrative  
25 regulations promulgated under those chapters.

26 ~~(2) Notwithstanding any other statute or administrative regulation to the contrary, the~~  
27 ~~department shall have authority to administer statutes relating to, and regulate the~~

1 ~~retail licensing and distribution of, cannabis-infused beverages.~~

2 (3) A Division of Distilled Spirits, under the supervision of the board, shall administer  
3 the laws in relation to traffic in distilled spirits and, wine, ~~and cannabis-infused~~  
4 ~~beverages~~.

5 (3)(4) A Division of Malt Beverages, under the supervision of the board, shall  
6 administer the laws in relation to traffic in malt beverages.

7 (4)(5) A Division of Tobacco, Nicotine, and Vapor Product Licensing, under the  
8 supervision of the division director, shall administer the laws in relation to traffic in  
9 alternative nicotine products, tobacco products, and authorized nicotine vapor  
10 products under KRS 438.305 to 438.350.

11 ➔Section 28. KRS 241.060 is amended to read as follows:

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

13 (1) To promulgate reasonable administrative regulations governing procedures relative  
14 to the applications for and revocations of licenses, the supervision and control of the  
15 use, manufacture, sale, transportation, storage, advertising, and trafficking of  
16 alcoholic beverages, ~~the retail licensing and distribution of cannabis-infused~~  
17 ~~beverages,~~ and all other matters over which the board has jurisdiction. The only  
18 administrative regulation that shall be promulgated in relation to the direct shipper  
19 license is to establish the license application, as set forth in KRS 243.027(4). To the  
20 extent any administrative regulation previously promulgated is contrary to the  
21 provisions of KRS 13A.120(2), the board shall repeal or amend the administrative  
22 regulation as necessary by January 1, 2022. Administrative regulations need not be  
23 uniform in their application but may vary in accordance with reasonable  
24 classifications;

25 (2) To limit the number of licenses of each kind or class to be issued in this state or any  
26 political subdivision, and restrict the locations of licensed premises. To this end, the  
27 board may make reasonable division and subdivision of the state or any political

- 1 subdivision into districts. Administrative regulations relating to the approval,  
2 denial, and revocation of licenses may be different within the several divisions or  
3 subdivisions;
- 4 (3) To hold hearings in accordance with the provisions of KRS Chapter 13B. The  
5 department may pay witnesses the per diem and mileage provided in KRS 421.015;
- 6 (4) To conduct hearings and appeals under KRS 241.150, 241.200, 241.260, 243.470,  
7 243.520, 438.308, 438.309, 438.312, 438.316, and 438.340 and render final orders  
8 upon the subjects of the hearings and appeals;
- 9 (5) (a) To order the destruction of evidence, other than contraband alcoholic  
10 beverages suitable for public auction under paragraph (b) of this subsection, in  
11 the department's possession after all administrative and judicial proceedings  
12 are conducted.
- 13 (b) To dispose of contraband alcoholic beverages through public auction if:
- 14 1. A final order relating to those contraband alcoholic beverages has been  
15 entered after all administrative and judicial proceedings are conducted,  
16 if applicable;
- 17 2. The entire proceeds of the public auction are donated to the alcohol  
18 wellness and responsibility education fund established in KRS 211.285;  
19 and
- 20 3. The board deems the inventory safe to release to the public, including  
21 but not limited to the alcoholic beverages being in their original,  
22 unopened packaging;
- 23 (6) To suspend, revoke, or cancel for cause, after a hearing in accordance with KRS  
24 Chapter 13B, any license; and
- 25 (7) To prohibit the issuance of a license for the premises until the expiration of two (2)  
26 years from the time the offense was committed if a violation of KRS Chapters 241  
27 to 244 has taken place on the premises which the owner knew of or should have

1 known of, or was committed or permitted in or on the premises owned by the  
2 licensee.

3 ➔Section 29. KRS 241.080 is amended to read as follows:

4 The distilled spirits administrator may approve and issue or deny any state license  
5 authorizing traffic in distilled spirits and wine~~[or in cannabis-infused beverages]~~. The  
6 malt beverages administrator may approve and issue or deny any state license authorizing  
7 traffic in malt beverages. Both the distilled spirits administrator and the malt beverages  
8 administrator may approve and issue or deny state licenses authorizing the traffic in  
9 alcoholic beverages.

10 ➔Section 30. KRS 241.090 is amended to read as follows:

11 (1) State administrators and all investigators shall have the full police powers of peace  
12 officers, except as provided in subsection (2) of this section, and their jurisdiction  
13 shall be coextensive with the state. They may inspect any premises where alcoholic  
14 beverages are manufactured, sold, stored, or otherwise trafficked in~~[or any~~  
15 ~~premises where cannabis-infused beverages are sold, stored, or otherwise trafficked~~  
16 ~~in,]~~ without first obtaining a search warrant. They may confiscate any contraband  
17 property. The jurisdiction and police powers of state administrators and all  
18 investigators during an emergency declared under KRS Chapter 39A shall be  
19 subject to the limitations of KRS 39A.090.

20 (2) A state administrator shall not have the power to make arrests unless he or she is  
21 certified in accordance with KRS 15.380 to 15.404.

22 ➔Section 31. KRS 243.020 is amended to read as follows:

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

- 1 third party utilized by a direct shipper licensee as set forth in KRS 243.027.
- 2 (2) The holding of any permit from the United States government to traffic in alcoholic  
3 beverages without the corresponding requisite state and local licenses shall in all  
4 cases raise a rebuttable presumption that the holder of the United States permit is  
5 unlawfully trafficking in alcoholic beverages.
- 6 (3) Except as permitted by KRS 243.033, 243.036, 243.155, 243.157, and 243.260, a  
7 person, conducting a place of business patronized by the public, who is not a  
8 licensee authorized to sell alcoholic beverages, shall not permit any person to sell,  
9 barter, loan, give away, or drink alcoholic beverages on the premises of the place of  
10 business.
- 11 (4) A licensee shall not permit any consumer to possess, give away, or drink alcoholic  
12 beverages~~[ or cannabis infused beverages]~~ on the licensed premises that are not  
13 purchased from the licensee.
- 14 (5) In a moist territory, the only types of licenses that may be issued are those that  
15 directly correspond with the types of sales approved by the voters through moist  
16 elections within the territory, unless otherwise specifically authorized by statute.
- 17 (6) Notwithstanding subsections (3) and (4) of this section, with the written permission  
18 of a licensed entertainment destination center:
- 19 (a) A retail drink licensee located wholly within a licensed entertainment  
20 destination center or that has a storefront sharing a physical boundary with  
21 that licensed entertainment destination center may allow persons on the  
22 licensee's premises to possess and drink alcoholic beverages that were  
23 purchased from another retail drink licensee located wholly within, or that has  
24 a storefront sharing a physical boundary with, the licensed entertainment  
25 destination center; and
- 26 (b) A nonlicensed place of business that is located wholly within a licensed  
27 entertainment destination center or that has a storefront sharing a physical

1 boundary with that licensed entertainment destination center may allow  
2 persons on its property to possess and drink alcoholic beverages that were  
3 purchased from a retail drink licensee located wholly within, or that has a  
4 storefront sharing a physical boundary with, the licensed entertainment  
5 destination center.

6 ➔Section 32. KRS 243.027 is amended to read as follows:

- 7 (1) KRS 243.027 to 243.029 shall supersede any conflicting statute in KRS Chapters  
8 241 to 244.
- 9 (2) A direct shipper~~[Type A]~~ license shall authorize the holder to ship alcoholic  
10 beverages to consumers~~[. A direct shipper Type B license shall authorize the holder~~  
11 ~~to ship cannabis-infused beverages to consumers]~~. The department shall issue a  
12 direct shipper license to a successful applicant that:
- 13 (a) Pays the applicable annual license fee;
- 14 (b) Is a manufacturer located in this state or any other state~~[, a cannabis-infused~~  
15 ~~beverage manufacturer licensed by the Department for Public Health,]~~ or an  
16 alcoholic beverage supplier licensed under KRS 243.212 or 243.215; and
- 17 (c) Holds a current license, permit, or other authorization to manufacture or  
18 supply alcoholic beverages~~[or cannabis-infused beverages]~~ in the state where  
19 the applicant is located. If an applicant is located outside of Kentucky, proof  
20 of its current license, permit, or other authorization as issued by its home state  
21 shall be sufficient proof of its eligibility to hold a direct shipper license in  
22 Kentucky.
- 23 (3) (a) A manufacturer applicant shall only be authorized to ship beverages that are  
24 sold under a brand name owned or exclusively licensed to the manufacturer,  
25 provided the beverages were:
- 26 1. Produced by the manufacturer;
- 27 2. Produced for the manufacturer under a written contract with another

1 manufacturer; or

2 3. Bottled or canned for or by the manufacturer.

3 (b) An applicant licensed under KRS 243.212 or 243.215 shall only be authorized  
4 to ship alcoholic beverages~~[or cannabis-infused beverages]~~ for which it is the  
5 primary source of supply.

6 (4) The department shall establish the form for a direct shipper license application  
7 through the promulgation of an administrative regulation. These requirements shall  
8 include only the following:

9 (a) The address of the manufacturer or supplier; and

10 (b) If the applicant is located outside this state, a copy of the applicant's current  
11 license, permit, or other authorization to manufacture, store, or supply  
12 alcoholic beverages~~[or cannabis-infused beverages]~~ in the state where the  
13 applicant is located.

14 (5) For purposes of this section, the holder of a direct shipper license may utilize the  
15 services of a third party to fulfill shipments, subject to the following:

16 (a) The third party shall not be required to hold any alcoholic beverage license~~[or~~  
17 ~~cannabis-infused beverage license]~~, but no licensed entity shall serve as a  
18 third party to fulfill shipments other than the holder of a storage license or  
19 transporter's license;

20 (b) The third party may operate from the premises of the direct shipper licensee  
21 or from another business location; and

22 (c) The direct shipper licensee shall be liable for any violation of KRS 242.250,  
23 242.260, 242.270, or 244.080 that may occur by the third party.

24 (6) A direct shipper licensee shall:

25 (a) Agree that the Secretary of State shall serve as its registered agent for service  
26 of process. The licensee shall agree that legal service on the agent constitutes  
27 legal service on the direct shipper licensee;

- 1 (b) Maintain the records required under KRS 243.027 to 243.029 and provide the  
2 department and the Department of Revenue access to or copies of these  
3 records;
- 4 (c) Allow the department or the Department of Revenue to perform an audit of  
5 the direct shipper licensee's records or an inspection of the direct shipper  
6 licensee's licensed premises upon request. If an audit or inspection reveals a  
7 violation, the department or the Department of Revenue may recover  
8 reasonable expenses from the licensee for the cost of the audit or inspection;
- 9 (d) Register with the Department of Revenue, and file all reports and pay all taxes  
10 required under KRS 243.027 to 243.029; and
- 11 (e) Submit to the jurisdiction of the Commonwealth of Kentucky for any  
12 violation of KRS 242.250, 242.260, 242.270, or 244.080 or for nonpayment  
13 of any taxes owed.
- 14 (7) (a) Each direct shipper licensee shall submit to the department and the  
15 Department of Revenue a quarterly report for that direct shipper license  
16 showing:
- 17 1. The total amount of beverages shipped into the state per consumer;  
18 2. The name and address of each consumer;  
19 3. The purchase price of the beverages shipped and the amount of taxes  
20 charged to the consumer for the beverages shipped; and  
21 4. The name and address of each common carrier.
- 22 (b) The Department of Revenue shall create a form through the promulgation of  
23 an administrative regulation for reporting under paragraph (a) of this  
24 subsection.
- 25 (c) The department shall provide a list of all active direct shipper licensees to  
26 licensed common carriers on a quarterly basis to reduce the number of  
27 unlicensed shipments in the Commonwealth.

- 1 (8) A direct shipper licensee shall submit a current copy of its alcoholic beverage  
2 license~~[or cannabis-infused beverage license]~~ from its home state along with the  
3 applicable license fee every year upon renewal of its direct shipper license.
- 4 (9) Notwithstanding any provision of this section to the contrary, a manufacturer  
5 located and licensed in Kentucky may ship by a common carrier holding a  
6 Kentucky transporter's license samples of alcoholic beverages produced by the  
7 manufacturer in quantities not to exceed one (1) liter, per any recipient, of any  
8 individual product in one (1) calendar year of distilled spirits or wine, or ninety-six  
9 (96) ounces, per any recipient, of any individual product in one (1) calendar year of  
10 malt beverages, to any of the following:
- 11 (a) Marketing or media representatives twenty-one (21) years of age or older;
  - 12 (b) Distilled spirits, wine, or malt beverage competitions or contests;
  - 13 (c) Wholesalers or distributors located outside of Kentucky;
  - 14 (d) Federal, state, or other regulatory testing labs;
  - 15 (e) Third-party product formulation and development partners; and
  - 16 (f) Persons or entities engaged in a private selection event pursuant to KRS  
17 243.0305.

18 Such samples shall be marked by affixing across the product label, a not readily  
19 removed disclaimer with the words "Sample-Not for Sale" and the name of the  
20 manufacturer.

21 ➔Section 33. KRS 243.028 is amended to read as follows:

- 22 (1) A direct shipper licensee may sell or ship to a consumer all types of alcoholic  
23 beverages~~[or cannabis-infused beverages]~~ that the licensee is authorized to sell,  
24 with the following aggregate limits:
- 25 (a) Distilled spirits, in quantities not to exceed ten (10) liters per consumer per  
26 month;
  - 27 (b) Wine, in quantities not to exceed ten (10) cases per consumer per month; **and**

- 1 (c) Malt beverages, in quantities not to exceed ten (10) cases per consumer per  
2 month~~[- and~~
- 3 ~~(d) Cannabis infused beverages, in quantities not to exceed ten (10) cases per~~  
4 ~~customer per month].~~
- 5 (2) The direct shipper licensee shall notify the consumer placing the order that the  
6 shipment shall not be left unless the recipient of the shipment provides a valid  
7 identification document at the time verifying that the recipient is at least twenty-one  
8 (21) years of age. All beverage containers shipped to the consumer shall be  
9 conspicuously labeled with the words "CONTAINS ALCOHOL: SIGNATURE OF  
10 PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY"~~[- or "CONTAINS~~  
11 ~~CANNABIS INFUSED BEVERAGES: SIGNATURE OF PERSON AGE 21 OR~~  
12 ~~OLDER REQUIRED FOR DELIVERY", as appropriate].~~ for each shipment.
- 13 (3) At the time of delivery, the recipient of the shipment shall present to the individual  
14 delivering the package a valid identification document. Prior to transferring  
15 possession of the package, the individual delivering the package shall visually  
16 inspect the document and verify the identity of the recipient and, by visual  
17 examination or by using age verification technology, that the recipient is at least  
18 twenty-one (21) years of age.
- 19 (4) Before transferring possession of the package, the individual delivering the package  
20 shall obtain the signature of the recipient of the shipment. The individual who  
21 receives and signs for the beverages is not required to be the consumer who  
22 purchased the beverages.
- 23 (5) A consumer who intentionally causes shipment to an address deemed unlawful  
24 shall, for the first offense, be guilty of a violation punishable by a fine of two  
25 hundred fifty dollars (\$250), and for each subsequent offense, be guilty of a  
26 violation punishable by a fine of five hundred dollars (\$500). In this instance, the  
27 direct shipper licensee and the common carrier shall be held harmless.

1 (6) A direct shipper licensee may not sell or ship beverages to a consumer from its  
2 licensed premises if the consumer's address is located in an area in which that type  
3 of beverages may not be sold or received.

4 (7) Shipments made pursuant to this section shall be made through a common carrier.

5 (8) If a common carrier is unable to complete delivery, then the beverages shall be  
6 returned to the consignor.

7 ➔Section 34. KRS 243.030 is amended to read as follows:

8 The following licenses that authorize traffic in distilled spirits and wine ~~and in cannabis-~~  
9 ~~infused beverages~~ may be issued by the distilled spirits administrator. Licenses that  
10 authorize traffic in all alcoholic beverages may be issued by both the distilled spirits  
11 administrator and malt beverages administrator. The licenses and their accompanying  
12 fees are as follows:

13 (1) Distiller's license:

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

17 (2) Rectifier's license:

- 18 (a) Class A, per annum .....\$2,580.00
- 19 (b) Class B (craft rectifier), per annum .....\$825.00

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

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

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

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

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

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

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

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

|    |  |            |
|----|--|------------|
| 1  | (10) Special agent's or solicitor's license, per annum .....                     | \$30.00    |
| 2  | (11) Bottling house or bottling house storage license, per annum .....           | \$1,030.00 |
| 3  | (12) Special temporary license, per event .....                                  | \$100.00   |
| 4  | (13) Special Sunday retail drink license, per annum .....                        | \$520.00   |
| 5  | (14) Caterer's license, per annum .....  | \$830.00   |
| 6  | (15) Special temporary alcoholic beverage auction license, per event .....       | \$100.00   |
| 7  | (16) Extended hours supplemental license, per annum .....                        | \$2,060.00 |
| 8  | (17) Hotel in-room license, per annum .....                                      | \$210.00   |
| 9  | (18) Air transporter license, per annum .....                                    | \$520.00   |
| 10 | (19) Sampling license, per annum .....   | \$110.00   |
| 11 | (20) Replacement or duplicate license .....                                      | \$25.00    |
| 12 | (21) Entertainment destination center license:                                   |            |
| 13 | (a) When the licensee is a city, county, urban-county government,                |            |
| 14 | consolidated local government, charter county government, or                     |            |
| 15 | unified local government, per annum .....  | \$2,577.00 |
| 16 | (b) All other licensees, per annum .....   | \$7,730.00 |
| 17 | (22) Limited restaurant license, per annum .....                                 | \$780.00   |
| 18 | (23) Limited golf course license, per annum .....                                | \$720.00   |
| 19 | (24) Small farm winery wholesaler's license, per annum .....                     | \$110.00   |
| 20 | (25) Qualified historic site license, per annum .....                            | \$1,030.00 |
| 21 | (26) Nonquota type 1 license, per annum .....                                    | \$4,120.00 |
| 22 | (27) Nonquota type 2 license, per annum .....                                    | \$830.00   |
| 23 | (28) Nonquota type 3 license, per annum .....                                    | \$310.00   |
| 24 | (29) Distilled spirits and wine storage license, per annum .....                 | \$620.00   |
| 25 | (30) Out-of-state distilled spirits and wine supplier's license, per annum ..... | \$1,550.00 |
| 26 | (31) Limited out-of-state distilled spirits and wine supplier's                  |            |
| 27 | license, per annum .....   | \$260.00   |

|   |  |                       |
|---|--|-----------------------|
| 1 | (32) Authorized public consumption license, per annum.....                       | \$250.00              |
| 2 | (33) Direct shipper <del>[Type A]</del> license, per annum.....                  | \$100.00              |
| 3 | (34) Limited nonquota package license, per annum.....                            | \$300.00              |
| 4 | (35) Vintage distilled spirits license, per annum.....                           | \$300.00              |
| 5 | <del>(36) Cannabis-infused beverage retail package license, per annum.....</del> | <del>\$2,000.00</del> |
| 6 | <del>(37) Cannabis-infused beverage distributor's license, per annum.....</del>  | <del>\$1,000.00</del> |
| 7 | <del>(38) Cannabis-infused beverage distributor's license,</del>                 |                       |
| 8 | <del>— supplemental, per annum.....</del>  | <del>\$1,000.00</del> |
| 9 | <del>(39) Direct shipper Type B license, per annum.....</del>                    | <del>\$1,000.00</del> |

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

12 ~~(37)~~~~(41)~~ Other special licenses the board finds necessary for the proper regulation and  
 13 control of the traffic in distilled spirits and wine and provides for by administrative  
 14 regulation. In establishing the amount of license taxes that are required to be fixed  
 15 by the board, it shall have regard for the value of the privilege granted.

16 ~~(38)~~~~(42)~~ The fee for each of the first five (5) supplemental bar licenses shall be the  
 17 same as the fee for the primary retail drink license. There shall be no charge for  
 18 each supplemental license issued in excess of five (5) to the same licensee at the  
 19 same premises.

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

24 ➔Section 35. KRS 243.034 is amended to read as follows:

25 (1) A limited restaurant license may be issued to an establishment meeting the  
 26 definition criteria established in KRS 241.010~~(37)~~~~(39)~~ as long as the  
 27 establishment is within:

- 1 (a) Any wet territory; or
- 2 (b) Any moist precinct that has authorized the sale of alcoholic beverages under
- 3 KRS 242.1244.
- 4 (2) A limited restaurant license shall authorize the licensee to purchase, receive,
- 5 possess, and sell alcoholic beverages at retail by the drink for consumption on the
- 6 licensed premises or off-premises consumption pursuant to KRS 243.081. The
- 7 licensee shall purchase alcoholic beverages only from licensed wholesalers or
- 8 distributors, except for purchases made pursuant to subsection (5) of this section.
- 9 The license shall not authorize the licensee to sell alcoholic beverages by the
- 10 package.
- 11 (3) The holder of a limited restaurant license shall maintain at least seventy percent
- 12 (70%) of its gross receipts from the sale of food and maintain the minimum
- 13 applicable seating requirement required for the type of limited restaurant license.
- 14 (4) A limited restaurant as defined by KRS 241.010~~(37)~~~~(39)~~(a) shall:
- 15 (a) Only sell alcoholic beverages incidental to the sale of a meal; and
- 16 (b) Not have an open bar and shall not sell alcoholic beverages to any person who
- 17 has not purchased or does not purchase a meal.
- 18 (5) (a) The holder of a limited restaurant license may purchase alcoholic beverages
- 19 by the package from licensees authorized to sell distilled spirits, wine, and
- 20 malt beverages at retail, but only if those alcoholic beverages have first gone
- 21 through the three (3) tier system.
- 22 (b) Any purchase made pursuant to this subsection shall:
- 23 1. Only be sold by the drink for consumption on the licensed premises or
- 24 off-premises consumption pursuant to KRS 243.081;
- 25 2. Be reported quarterly on a form prescribed by the department; and
- 26 3. Include a copy of each receipt of purchase.
- 27 (c) The holder of a limited restaurant license shall not purchase at retail more

1 than:

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

5 ➔Section 36. KRS 243.0341 is amended to read as follows:

- 6 (1) Notwithstanding any other provision of law, the following local governments may  
7 elect to act under this section:
  - 8 (a) Any city or county that conducted an election under KRS 242.1244(2) prior to  
9 January 1, 2016, for by the drink sales of alcoholic beverages in restaurants  
10 and dining facilities seating one hundred (100) persons or more; or
  - 11 (b) Any city with limited sale precincts created pursuant to KRS 242.1292 prior  
12 to July 14, 2022.
- 13 (2) Upon a determination by the legislative body of a city or county that:
  - 14 (a) An economic hardship exists within the city or county; and
  - 15 (b) Expanded sales of alcoholic beverages by the drink could aid in economic  
16 growth;the city or county may, after conducting a public hearing that is noticed to the  
17 public in accordance with the KRS Chapter 424, adopt an ordinance authorizing by  
18 the drink sales of alcoholic beverages in restaurants and dining facilities containing  
19 seating for at least fifty (50) persons and meeting the requirements of subsection (3)  
20 of this section.
- 21 (3) The ordinance enacted by a city or county pursuant to subsection (2) of this section  
22 shall authorize the sale of alcoholic beverages under the following limitations:
  - 23 (a) Sales shall only be conducted in restaurants and other dining facilities meeting  
24 the requirements of KRS 241.010(37)~~(39)~~(a); and
  - 25 (b) The provisions of KRS 243.034 shall apply to any restaurant or dining facility  
26 operating under a license issued pursuant to this section.  
27

1 (4) A city or county acting under this section may allow limited restaurant sales as  
2 defined in KRS 241.010(37)~~[(39)]~~.

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

4 (a) Modify the city's or county's ability to issue a limited restaurant license to  
5 restaurants or other dining facilities meeting the requirements of KRS  
6 241.010(39)(b); or

7 (b) Affect, alter, or otherwise impair any license previously issued to a restaurant  
8 or dining facility meeting the requirements of KRS 241.010(37)~~[(39)]~~(b).

9 ➔Section 37. KRS 243.040 is amended to read as follows:

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

- 12 (1) Brewer's license, per annum .....\$2,580.00
- 13 (2) Microbrewery license, per annum .....\$520.00
- 14 (3) Distributor's license, per annum .....\$520.00
- 15 (4) Nonquota retail malt beverage package license, per annum.....\$210.00
- 16 (5) Out-of-state malt beverage supplier's license,  
17 per annum .....\$1,550.00
- 18 (6) Malt beverage storage license, per annum .....\$260.00
- 19 (7) Replacement or duplicate license, per annum .....\$25.00
- 20 (8) Limited out-of-state malt beverage supplier's license,  
21 per annum .....\$260.00
- 22 (9) Nonquota type 4 malt beverage drink license,  
23 per annum .....\$210.00
- 24 (10) Direct shipper~~[Type A]~~ license, per annum.....\$100.00

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

1 retail malt beverage package license for a fee of fifty dollars (\$50).

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

4 (13) Other special licenses as the state board finds to be necessary for the administration  
5 of KRS Chapters 241 to 244 and for the proper regulation and control of the  
6 trafficking in malt beverages, as provided for by administrative regulations  
7 promulgated by the state board.

8 A nonrefundable application fee of fifty dollars (\$50) shall be charged to process each  
9 new application for a license under this section. The application fee shall be applied to  
10 the licensing fee if the license is issued, or otherwise the fee shall be retained by the  
11 department.

12 ➔Section 38. KRS 243.075 is amended to read as follows:

13 (1) (a) A city with a population of less than twenty thousand (20,000) based upon the  
14 most recent federal decennial census, a county that does not contain a city  
15 with a population equal to or greater than twenty thousand (20,000) based  
16 upon the most recent federal decennial census, or a county that contains a city  
17 authorized to impose a fee under subsection (9) of this section, that is wet  
18 through a local option election held under KRS Chapter 242 is authorized to  
19 impose a regulatory license fee not to exceed five percent (5%) upon the gross  
20 receipts of the sale of alcoholic beverages ~~and cannabis-infused beverages~~ of  
21 each establishment located in the city or county licensed to sell alcoholic  
22 beverages ~~or cannabis-infused beverages~~.

23 (b) The regulatory license fee may be levied at the beginning of each budget  
24 period at a percentage rate that is reasonably estimated to fully reimburse the  
25 local government for the estimated costs of any additional policing,  
26 regulatory, or administrative expenses related to the sale of alcoholic  
27 beverages ~~or cannabis-infused beverages~~ in the city and county.

- 1 (c) The regulatory license fee shall be in addition to any other taxes, fees, or  
2 licenses permitted by law, except:
- 3 1. A credit against a regulatory license fee shall be allowed in an amount  
4 equal to any licenses or fees imposed by the city or county pursuant to  
5 KRS 243.060 or 243.070; and
- 6 2. In a county in which the city and county both levy a regulatory license  
7 fee, the county license fee shall only be applicable outside the  
8 jurisdictional boundaries of those cities which levy a license fee.
- 9 (2) (a) A city or county that is moist through a local option election held under KRS  
10 242.1244 may by ordinance impose a regulatory license fee upon the gross  
11 receipts of the sale of alcoholic beverages of each establishment located in the  
12 city or county and licensed to sell alcoholic beverages by the drink for  
13 consumption on the premises.
- 14 (b) The regulatory license fee may be levied annually at a rate that is reasonably  
15 estimated to fully reimburse the city or county for the estimated costs for any  
16 additional policing, regulatory, or administrative related expenses.
- 17 (c) The regulatory license fee shall be in addition to any other taxes, fees, or  
18 licenses permitted by law, but a credit against the fee shall be allowed in an  
19 amount equal to any licenses or fees imposed by the city or county pursuant to  
20 KRS 243.060 or 243.070.
- 21 (d) In a county in which the city and county both levy a regulatory license fee, the  
22 county license fee shall only be applicable outside the jurisdictional  
23 boundaries of those cities which levy a license fee.
- 24 (3) (a) For any election held after July 15, 2014, any new fee authorized under  
25 subsection (1) or (2) of this section shall be enacted by the city or county no  
26 later than two (2) years from the date of the local option election held under  
27 KRS Chapter 242.

1 (b) Notwithstanding paragraph (a) of this subsection, any city or county that held  
2 a local option election between July 15, 2014, and July 15, 2018, may enact a  
3 regulatory licensing fee in accordance with subsection (1) of this section  
4 within two (2) years of June 29, 2021.

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

10 (a) Policing;

11 (b) Regulation; and

12 (c) Administration;

13 as a result of the sale of alcoholic beverages~~[or cannabis-infused beverages]~~ within  
14 the city or county.

15 (5) (a) The Alcoholic Beverage Control Board shall promulgate administrative  
16 regulations which set forth the process by which a city or county, in the first  
17 year following the discontinuance of prohibition, may estimate any additional  
18 policing, regulation, and administrative expenses by a city or county directly  
19 and solely related to the discontinuance of prohibition. This subsection shall  
20 apply to any discontinuance of prohibition occurring after the promulgation of  
21 administrative regulations required by this subsection.

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

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

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

27 (b) Spent only in accordance with the requirements of subsections (1) and (2) of

1           this section; and

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

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

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

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

14          (c) Upon the finding by a court of a second intentional and willful violation of the  
15          provisions of this section, lose the ability to impose the regulatory fee  
16          provided by this section for a period of five (5) years and, upon the finding by  
17          a court of a third intentional and willful violation, forfeit the right to impose  
18          the regulatory license fee authorized by this section.

19       (8) Any party bringing suit against a city or county for an alleged violation of this  
20       section occurring after July 15, 2014, shall be responsible for the payment of the  
21       reasonable attorney fees of the city or county in an amount determined by the court  
22       upon a finding by the court that the city or county did not violate this section.

23       (9) (a) Any city that does not meet the population requirements of subsection (1) of  
24       this section, and any county that has a city exceeding the population  
25       requirements of subsection (1) of this section, that imposed a regulatory  
26       license fee pursuant to this section as of January 1, 2019, shall be deemed to  
27       meet the requirements for doing so set out in this section and may continue to

1 impose the regulatory license fee previously established pursuant to this  
2 section.

3 (b) Any city or county that is authorized to impose the regulatory license fee  
4 under subsection (1) of this section, or under paragraph (a) of this subsection,  
5 that imposed the regulatory license fee at a rate higher than five percent (5%)  
6 prior to June 27, 2019, may continue to impose the regulatory license fee at a  
7 rate that exceeds five percent (5%). The rate shall continue to be calculated  
8 annually pursuant to the requirements of this section and shall not exceed the  
9 rate that was imposed by the city or county on January 1, 2019.

10 (10) A direct shipper licensee shall be subject to and remit the regulatory license fee  
11 imposed by this section as though it were an establishment located in a city or  
12 county licensed to sell alcoholic beverages~~[or cannabis-infused beverages]~~. This  
13 fee shall be considered a tax as defined in KRS 243.029.

14 (11) Any city or county imposing a regulatory license fee under this section shall file  
15 with the department a report showing the applicable fee amount and remittance  
16 address for each affected license type in its jurisdiction on or before August 1,  
17 2020. Any adoption of this fee after July 15, 2020, or modification of the applicable  
18 fee amount or remittance address for each affected licensee shall be reported to the  
19 department within thirty (30) days of adoption by the city or county imposing the  
20 fee. Within twenty (20) days after receipt of the information, the department shall  
21 compile and publish the information so that it is readily available to the public.

22 ➔Section 39. KRS 243.0811 is amended to read as follows:

23 (1) Any person delivering alcoholic beverages~~[or cannabis-infused beverages]~~ by the  
24 package at retail on behalf of a licensee shall not sell to:

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

26 (b) An intoxicated person.

27 (2) Any person delivering alcoholic beverages~~[or cannabis-infused beverages]~~ on

1       behalf of a retail package licensee~~[or cannabis-infused beverage retail licensee]~~ to  
2       an individual consumer shall verify that the recipient is at least twenty-one (21)  
3       years of age by requiring the production of a valid identification document as  
4       defined in KRS 241.010.

5       (3) Any person delivering alcoholic beverages~~[or cannabis-infused beverages]~~ by the  
6       package at retail on behalf of a licensee shall possess a physical or electronic  
7       version of the license issued by the department.

8       ➔Section 40. KRS 243.100 is amended to read as follows:

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

- 10       (1) (a) Has been convicted of any felony until five (5) years have passed from the  
11             date of conviction, release from custody or incarceration, parole, or  
12             termination of probation, whichever is later;
- 13       (b) Has been convicted of any misdemeanor involving a controlled substance that  
14             is described in or classified pursuant to KRS Chapter 218A in the two (2)  
15             years immediately preceding the application;
- 16       (c) Has been convicted of any misdemeanor directly or indirectly attributable to  
17             the use of alcoholic beverages~~[or cannabis-infused beverages]~~ in the two (2)  
18             years immediately preceding the application;
- 19       (d) Is under the age of twenty-one (21) years; or
- 20       (e) Has had any license relating to the regulation of the manufacture, sale, and  
21             transportation of alcoholic beverages~~[or the regulation of the sale,~~  
22             ~~distribution, or transportation of cannabis-infused beverages]~~ revoked for  
23             cause or has been convicted of a violation of any statute within KRS Chapters  
24             241 to 244, until the expiration of two (2) years from the date of the  
25             revocation or conviction.
- 26       (2) A partnership, limited partnership, limited liability company, corporation,  
27       governmental agency, or other business entity recognized by law shall not be

1 licensed if:

- 2 (a) Each principal owner, partner, member, officer, and director does not qualify  
3 under subsection (1)(a), (b), (c), (d), and (e) of this section;
- 4 (b) It has had any license relating to the regulation of the manufacture, sale, and  
5 transportation of alcoholic beverages~~[or the regulation of the sale,~~  
6 ~~distribution, or transportation of cannabis-infused beverages]~~ revoked for  
7 cause or has been convicted of a violation of any statute within KRS Chapters  
8 241 to 244, until the expiration of two (2) years from the date of the  
9 revocation or conviction; or
- 10 (c) Any principal owner, partner, member, officer, or director, or any business  
11 entity in which they were directly or indirectly interested, has had any license  
12 revoked for cause or has been convicted of a violation of any statute within  
13 KRS Chapters 241 to 244, until the expiration of the later of two (2) years  
14 from the date of the revocation or two (2) years from the date of conviction.
- 15 (3) The provisions of subsection (1)(a) and (b) shall apply to anyone applying for a new  
16 license under this chapter after July 15, 1998, but shall not apply to those who  
17 renew a license that was originally issued prior to July 15, 1998, or an application  
18 for a supplemental license where the original license was issued prior to July 15,  
19 1998.
- 20 (4) A person shall not evade license disqualification by applying for a license through  
21 or under the name of a different person. The state administrators shall examine the  
22 ownership, membership, and management of all license applicants, and shall deny  
23 the application if a disqualified person has a direct or indirect interest in the  
24 applicant's business. The department may issue administrative subpoenas and  
25 summonses to determine ownership of an applicant or to investigate alleged  
26 violations by a licensee.
- 27 (5) A direct shipper license applicant shall be exempt from the requirements of this

1 section, and shall instead follow the requirements set forth in KRS 243.027.

2 ➔Section 41. KRS 243.110 is amended to read as follows:

- 3 (1) Except as provided in subsection (3) of this section, each kind of license listed in  
4 KRS 243.030 shall be incompatible with every other kind listed in that section and  
5 ~~a[n]~~ person or entity holding a license of any of those kinds shall **not** apply for or  
6 hold a license of another kind listed in KRS 243.030.
- 7 (2) (a) Each kind of license listed in KRS 243.040(1), (3), or (4) shall be  
8 incompatible with every other kind listed in KRS 243.040(1), (3), or (4), and  
9 ~~a[n]~~ person holding a license of any of those kinds shall **not** apply for or  
10 hold a license of any other kind listed in KRS 243.040(1), (3), or (4).
- 11 (b) A brewery holding a license listed in KRS 243.040(5) or (8) shall not apply  
12 for or hold a license listed in KRS 243.040(3) or (4).
- 13 (3) (a) The holder of a quota retail package license may also hold a quota retail drink  
14 license, an NQ1 retail drink license, an NQ2 retail drink license, an NQ3 retail  
15 drink license~~, a cannabis infused beverage retail package license~~, or a  
16 special nonbeverage alcohol license.
- 17 (b) The holder of a transporter's license may also hold a distilled spirits and wine  
18 storage license.
- 19 (c) The holder of a distiller's license may also hold a rectifier's license, a special  
20 nonbeverage alcohol license, a winery license, or a small farm winery license.
- 21 (d) A commercial airline system or charter flight system retail license, a  
22 commercial airline system or charter flight system transporter's license, and a  
23 retail drink license if held by a commercial airline or charter flight system  
24 may be held by the same licensee.
- 25 (e) A Sunday retail drink license, vintage distilled spirits license, and  
26 supplemental license may be held by the holder of a primary license.
- 27 (f) The holder of a distiller's, winery, small farm winery, brewer, microbrewery,

1           distilled spirits and wine supplier's, or malt beverage supplier's license may  
2           also hold a direct shipper license.

3           (g) The holder of an NQ1 retail drink license, an NQ2 retail drink license, an  
4           NQ3 retail drink license, a quota retail drink license, or a limited restaurant  
5           license may also hold a limited nonquota package license.

6 ~~(4)(a) The holder of a cannabis-infused beverage retail package license shall not~~  
7           ~~apply for or hold the license listed in KRS 243.030(5) or 243.040(3).~~

8 ~~(b) The holder of a cannabis-infused beverage retail package license shall also~~  
9           ~~hold a quota retail package license.~~

10 ~~(c) The holder of a cannabis-infused beverage distributor's license may hold it as~~  
11           ~~a primary license or as a supplemental license to a distributor's license or a~~  
12           ~~wholesaler's license.~~

13 ~~(5)~~ Any person may hold two (2) or more licenses of the same kind.

14 ~~(5)(6)~~ A person or entity shall not evade the prohibition against applying for or  
15           holding licenses of two (2) kinds by applying for a second license through or under  
16           the name of a different person or entity. The state administrator shall examine the  
17           ownership, membership, and management of applicants, and shall deny the  
18           application for a license if the applicant is substantially interested in a person or  
19           entity that holds an incompatible license.

20           ➔Section 42. KRS 243.200 is amended to read as follows:

21 (1) A transporter's license may be issued as a primary license to a motor carrier  
22           authorized to transact business in the Commonwealth by the Transportation Cabinet  
23           or the Federal Motor Carrier Safety Administration or to another person engaged in  
24           business as a common carrier. A person holding a transporter's license may  
25           transport alcoholic beverages~~[or cannabis-infused beverages]~~ to or from the  
26           licensed premises of any licensee under this chapter to an individual consumer if  
27           both the consignor and consignee in each case are authorized by the law of the

1 states of their residence to sell, purchase, deliver, ship, or receive the alcoholic  
2 beverages~~[or cannabis-infused beverages]~~.

3 (2) (a) A transporter may deliver or ship to consumers over twenty-one (21) years of  
4 age in packages clearly marked ~~[either, as appropriate:~~

5 ~~1.—]"Alcoholic Beverages, adult signature (21 years of age or over) required"[:; or~~

6 ~~2.—]"Cannabis-infused Beverages, adult signature (21 years of age or over) required";]~~

7 and shall request adult-signature-only service from the carrier.

8 (b) Deliveries or shipments of alcoholic beverages~~[or cannabis-infused~~  
9 ~~beverages]~~ shall only be made into areas of the state in which alcoholic  
10 beverages~~[or cannabis-infused beverages]~~ may be lawfully sold. When the  
11 shipper requests adult-signature-only service, it shall be a violation for a  
12 common carrier not to inspect government-issued identification for proof of  
13 age. ~~A~~~~[No]~~ properly licensed common carrier or any of its employees acting  
14 on behalf of a consignor in the course and scope of a delivery or shipment of  
15 alcoholic beverages~~[or cannabis-infused beverages]~~ to a consumer shall ***not***  
16 be liable for a violation of this subsection or any provision of KRS 242.250,  
17 242.260, or 242.270 prohibiting the delivery or shipment of alcoholic  
18 beverages~~[or cannabis-infused beverages]~~ into areas of the state in which  
19 alcoholic beverages~~[or cannabis-infused beverages]~~ are not lawfully sold.

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

25 (4) Except for an application by a common carrier that has been assigned a USDOT  
26 number issued by the Federal Motor Carrier Safety Administration, an application  
27 for a transporter's license shall include a statement that the applicant, if issued a

1 license, shall allow any authorized investigators of the department to stop and  
2 examine the cargo of any truck or vehicle in which alcoholic beverages ~~[or~~  
3 ~~cannabis-infused beverages]~~ are being transported within the boundaries of the  
4 Commonwealth of Kentucky.

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

17 (6) Distilled spirits and wine may be transported by any licensed retailer selling  
18 distilled spirits or wine, by the package or by the drink, from the premises of a  
19 licensed wholesaler to the licensed premises of the retail licensee. Both the  
20 wholesaler and the retailer engaging in activity under this subsection shall be  
21 responsible for maintaining records documenting the transactions.

22 ➔Section 43. KRS 243.380 is amended to read as follows:

23 (1) Applications for distilled spirit and wine licenses ~~[or for cannabis-infused beverage~~  
24 ~~licenses]~~ shall be made to the distilled spirits administrator. Applications for malt  
25 beverage licenses shall be made to the malt beverages administrator. Applications  
26 for distilled spirits, wine, and malt beverage licenses shall be made to the distilled  
27 spirits administrator and to the malt beverages administrator.

1 (2) All applications shall be on forms furnished by the department. They shall be  
2 verified and shall set forth in detail all information concerning the applicant and the  
3 premises submitted for licensing as the board requires through the promulgation of  
4 an administrative regulation. Each application shall be accompanied by payment.  
5 Payment of the license fee may be by certified check, a postal or express money  
6 order, or any other method of payment approved in writing by both the Finance and  
7 Administration Cabinet and the Office of the State Treasurer. Promptly upon receipt  
8 of the payment the board shall pay it into the State Treasury, giving the Department  
9 of Revenue copies of the pay-in vouchers and any other supporting data as the  
10 Department of Revenue requires for revenue control purposes.

11 (3) (a) A business entity that owns more than two (2) licensed premises may initially  
12 submit common information about ownership, officers, directors, managerial  
13 employees, and shall provide current criminal background checks once for all  
14 separately licensed premises in one (1) master file.

15 (b) Any business qualifying under this subsection shall only be required to amend  
16 its master file information for material changes under KRS 243.390(2) or  
17 ownership transfers under KRS 243.630.

18 (c) A direct shipper license applicant shall be exempt from the requirements of  
19 this subsection and shall instead meet the requirements for its license type as  
20 set forth in KRS 243.027.

21 ➔Section 44. KRS 243.390 is amended to read as follows:

22 (1) The board may require through the promulgation of an administrative regulation  
23 that license applications contain the following information, given under oath:

24 (a) The name, age, Social Security number, address, residence, and citizenship of  
25 each applicant;

26 (b) If the applicant is a partner, the name, age, Social Security number, address,  
27 residence, and citizenship of each partner and the name and address of the

1 partnership;

2 (c) The name, age, Social Security number, address, residence, and citizenship of  
3 each individual or partner interested in the business for which the license is  
4 sought, together with the nature of that interest, and, if the applicant is a  
5 corporation, limited partnership company, limited liability company, or other  
6 business entity recognized by law, the name, age, Social Security number, and  
7 address of each principal owner, member, officer, and director of the  
8 applicant. The department may require the names of all owners and the  
9 ownership percentage held by each;

10 (d) The premises to be licensed, stating the street and number, if the premises has  
11 a street number, and a description that will reasonably indicate the location of  
12 the premises;

13 (e) 1. A statement that neither the applicant nor any other person referred to in  
14 this section has been convicted of:

15 a. Any misdemeanor directly or indirectly attributable to alcoholic  
16 beverages~~[- or cannabis-infused beverages];~~

17 b. Any violation involving a controlled substance that is described in  
18 or classified pursuant to KRS Chapter 218A within the two (2)  
19 years immediately preceding the application;

20 c. Any felony, within five (5) years from the later of the date of  
21 parole or the date of conviction; or

22 d. Providing false information to the department preceding the  
23 application; and

24 2. A statement that the applicant or any other person referred to in this  
25 section has not had any license that has been issued under KRS Chapters  
26 241 to 244 revoked for cause within two (2) years prior to the date of the  
27 application;

1 (f) A statement that the applicant will in good faith abide by every state and local  
2 statute, regulation, and ordinance relating to the manufacture, sale, use of, and  
3 trafficking in alcoholic beverages~~[- or cannabis-infused beverages];~~ and

4 (g) Any other information necessary for the department to administer KRS  
5 Chapters 241 to 244.

6 (2) If, after a license has been issued, there is a change in any of the facts required to be  
7 set forth in the application, a verified supplemental statement in writing giving  
8 notice of the change shall be filed with the department within ten (10) days after the  
9 change.

10 (3) In giving any notice or taking any action in reference to a license, the department  
11 may rely upon the information furnished in the application or in the supplemental  
12 statement connected with the application. This information, as against the licensee  
13 or applicant, shall be conclusively presumed to be correct. The information required  
14 to be furnished in the application or supplemental statement shall be deemed  
15 material in any prosecution for perjury.

16 (4) A direct shipper license applicant shall be exempt from the requirements of this  
17 section and shall instead meet the requirements for its license type as set forth in  
18 KRS 243.027.

19 ➔Section 45. KRS 243.480 is amended to read as follows:

20 (1) Upon proceedings for the revocation of any license under KRS 243.520, the  
21 Alcoholic Beverage Control Board, or the local administrator, may in its or his or  
22 her discretion order a suspension of the license for any cause for which it may, but  
23 is not required to, revoke the license under the provisions of KRS 243.490 and  
24 243.500. However, the licensee may have the alternative, subject to the approval of  
25 the Alcoholic Beverage Control Board or the local administrator, to pay in lieu of  
26 part or all of the days of any suspension period, a sum as follows:

27 (a) Except for violations arising from retail sales activities, including sales under

1 licenses issued pursuant to KRS 243.086 and sales at retail under KRS  
2 243.0305:

3 1. Distillers, rectifiers, wineries, and brewers, one thousand dollars  
4 (\$1,000) per day;

5 2. Wholesale distilled spirits and wine licensees, four hundred dollars  
6 (\$400) per day; ***and***

7 3. Wholesale malt beverage licensees, four hundred dollars (\$400) per  
8 day; ~~and~~

9 ~~4. Cannabis infused beverage distributor's license, four hundred dollars~~  
10 ~~(\$400) per day];~~

11 (b) 1. Retail licensees authorized to sell distilled spirits, wine, or malt  
12 beverages by the package or drink, fifty dollars (\$50) per day; and

13 2. Distillers, wineries, and brewers for violations arising from their retail  
14 sales activities, including sales by distillers under licenses issued  
15 pursuant to KRS 243.086 and sales at retail under KRS 243.0305, fifty  
16 dollars (\$50) per day; ***and***

17 (c) ~~[Cannabis infused beverage retail package licenses, fifty dollars (\$50) per day;~~  
18 ~~and~~

19 ~~(d)]~~ All remaining licensees, fifty dollars (\$50) per day.

20 (2) Payments in lieu of suspension or for board-ordered agency server training,  
21 collected on a cost recovery basis, collected by the Alcoholic Beverage Control  
22 Board shall be deposited in the State Treasury and credited to the general  
23 expenditure fund. Payments in lieu of suspension collected by local administrators  
24 shall be deposited and used as local alcoholic beverage license tax receipts are  
25 deposited and used.

26 (3) In addition to or in lieu of a suspension of a license, the board may order a licensee  
27 to pay for and require attendance and completion by some or all of the licensee's

1 alcoholic beverage servers in the department's server training program.

2 (4) Appeals from orders of suspension and the procedure thereon shall be the same as  
3 are provided for orders of revocation in KRS Chapter 13B[-

4 ~~(5) The portions of this section relating to local administrators shall not apply to~~  
5 ~~cannabis-infused beverage licensees].~~

6 ➔Section 46. KRS 243.490 is amended to read as follows:

7 A license may be revoked or suspended by the board for a violation of any of the  
8 following:

9 (1) Any of the provisions of KRS Chapters 241 to 244;

10 (2) Any administrative regulation of the board relating to the regulation of the [-

11 ~~(a) ]~~manufacture, sale, and transportation of alcoholic beverages~~[- or~~

12 ~~(b) ]~~Distribution and retail sale of cannabis-infused beverages];

13 (3) Any rule or administrative regulation of the Department of Revenue relating to the  
14 taxation of alcoholic beverages~~[- or cannabis-infused beverages];~~

15 (4) Any Act of Congress or any rule or regulation of any federal board, agency, or  
16 commission;

17 (5) Any local ordinance relating to the regulation of the [-

18 ~~(a) ]~~manufacture, sale, and transportation or taxation of alcoholic beverages~~[- or~~

19 ~~(b) ]~~Distribution, retail sale, or taxation of cannabis-infused beverages];

20 (6) Any of the laws, regulations, or ordinances referred to in this section when an  
21 agent, servant, or employee of the licensee committed the violation, irrespective of  
22 whether the licensee knew of or permitted the violation or whether the violation  
23 was committed in disobedience of the licensee's instructions;

24 (7) Any cause which the Alcoholic Beverage Control Board in the exercise of its sound  
25 discretion deems sufficient; or

26 (8) Any of the reasons for which the state administrator would have been required to  
27 deny a license if existing material facts had been known.

1           ➔Section 47. KRS 243.500 is amended to read as follows:

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

- 3 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling  
4 any illegal alcoholic beverages~~[or cannabis-infused beverages]~~ on the licensed  
5 premises.
- 6 (2) Making any false, material statements in an application or renewal application for a  
7 license or supplemental license.
- 8 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 9 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,  
10 or any act regulating the manufacture, sale, and transportation of alcoholic  
11 beverages~~[or the sale, distribution, or transportation of cannabis-infused~~  
12 ~~beverages]~~ within two (2) consecutive years;
- 13 (b) Two (2) misdemeanors directly or indirectly attributable to the use of  
14 alcoholic beverages~~[or cannabis-infused beverages]~~ within two (2)  
15 consecutive years; or
- 16 (c) Any felony.
- 17 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any  
18 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of  
19 Congress relative to taxation, or for a violation of any related administrative  
20 regulations promulgated by the Department of Revenue.
- 21 (5)~~[(a)]~~ Revocation of any license or permit provided in KRS 243.060, 243.070,  
22 243.600, and 243.610, or granted under any Act of Congress relative to the  
23 regulation of the manufacture, sale, and transportation of alcoholic beverages.
- 24 ~~[(b) Revocation of any license established under KRS 243.200, 243.403, or~~  
25 ~~243.405 relative to the sale, distribution, or transportation of cannabis-infused~~  
26 ~~beverages.]~~
- 27 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any

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

5 This subsection shall not apply to:

- 6 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 7 (b) The operation of a pari-mutuel system for betting, or the operation of sports  
8 wagering, where authorized by law;
- 9 (c) The conduct of charitable gaming by a charitable organization licensed or  
10 permitted under KRS Chapters 230 and 238; or
- 11 (d) Special temporary raffles of alcoholic beverages under KRS 243.036.

12 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:

- 13 (a) The trafficking or possession upon the licensed premises of controlled or  
14 illegal substances described in KRS Chapter 218A, including synthetic drugs;
- 15 (b) Knowingly permitting the trafficking or possession by patrons upon the  
16 licensed premises of controlled or illegal substances described in KRS  
17 Chapter 218A, including synthetic drugs; or
- 18 (c) Knowingly receiving stolen property upon the licensed premises.

19 (8) Failure to comply with the terms of a final order of the board.

20 ➔Section 48. KRS 243.540 is amended to read as follows:

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

- 23 (a) An act of God;
- 24 (b) A casualty;
- 25 (c) An acquisition by a federal, state, city, or other governmental agency under  
26 the power of eminent domain granted to the government or agency;
- 27 (d) A voluntary or involuntary acquisition by any corporation or other business

- 1           entity recognized by law through the power of eminent domain;
- 2       (e) A loss of lease because the landlord fails to renew an existing lease;
- 3       (f) Court action;
- 4       (g) Default under a security agreement;
- 5       (h) Default under a lease; or
- 6       (i) Other verifiable business reason.
- 7   (2) If a license issued by the department has been revoked, the former licensee may,
- 8       under the supervision of the state administrator, dispose of and transfer the former
- 9       licensee's stock to another licensee if the disposition is completed within ninety (90)
- 10       days and the licensee is a distiller, rectifier, winery, or brewer. The disposition shall
- 11       be completed within thirty (30) days if the licensee is a wholesaler or distributor or
- 12       within twenty (20) days if the licensee is a retailer.
- 13   (3) A retail licensee in good standing with the department who voluntarily ceases to
- 14       operate the licensed business for any reason other than revocation by the board or a
- 15       court order shall dispose of all alcoholic beverage~~[or cannabis-infused beverage]~~
- 16       inventory within thirty (30) days of the event. The following requirements shall
- 17       apply to the disposition of the licensee's inventory:
- 18       (a) If the premises is still open to the public and the licensee has not yet
- 19       surrendered the license, the licensee shall sell alcoholic beverages~~[or~~
- 20       ~~cannabis-infused beverages]~~ only to the public and shall not sell below costs;
- 21       (b) If a licensee has terminated the licensed business, the licensee shall submit a
- 22       written request for approval from the state administrator within ten (10) days
- 23       in advance of the sale to dispose of the licensee's remaining inventory. The
- 24       request shall identify the retailer who is purchasing the inventory, the
- 25       proposed date of the sale, and the quantity, types, and brands of alcoholic
- 26       beverages~~[or cannabis-infused beverages]~~ to be sold; and
- 27       (c) If a licensee has more than one (1) licensed retail premises and closes one (1)

1           or more retail premises and seeks to transfer the inventory to another licensed  
2           retail premises the licensee owns, the licensee shall submit a request in  
3           writing to the state administrator at least ten (10) days before the inventory is  
4           transferred. The request shall identify the premises to which the alcoholic  
5           beverages~~[or cannabis-infused beverages]~~ are being transferred, the proposed  
6           date of the transfer, and the quantity, types, and brands of alcoholic  
7           beverages~~[or cannabis-infused beverages]~~ to be sold.

8       (4) If a licensee files for bankruptcy or is directed by a court to dispose of inventory to  
9       satisfy a lien or judgment, the inventory may be sold only to a licensee holding any  
10      license that authorizes the possession and sale of those alcoholic beverages~~[or~~  
11      ~~cannabis-infused beverages]~~. The bankrupt licensee or the licensee subject to the  
12      court order shall notify the department of the sale and shall attach a copy of the  
13      court order or the judgment directing the sale and a list of the quantity, types, and  
14      brands of alcoholic beverages~~[or cannabis-infused beverages]~~ to be sold, but if the  
15      licensee fails to do so, the notification may be made by the bankruptcy trustee, the  
16      lienholder, or the judgment creditor. Any licensee who purchases the inventory  
17      shall notify the department within five (5) days after the transfer of the specific  
18      inventory sold.

19     (5) A secured creditor or landlord that is in possession, custody, or control of any  
20     alcoholic beverages owned by a licensee may dispose of those alcoholic beverages  
21     through the department's public auction as authorized by subsection (6) of this  
22     section or may dispose of alcoholic beverages~~[or cannabis-infused beverages]~~ in  
23     the following manner:

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

- 1           1.    Licensee who is purchasing the inventory or the business to destroy the  
2                    inventory;  
3           2.    Proposed date of the sale or destruction; and  
4           3.    Quantity, types, and brands of alcoholic beverages~~[or cannabis-infused~~  
5                    ~~beverages]~~ to be sold or destroyed;
- 6           (b)   The proposed transferee or transferees may be any person or persons holding  
7                    any license that authorizes the possession and sale of those alcoholic  
8                    beverages~~[or cannabis-infused beverages]~~, or a business authorized to dispose  
9                    of alcoholic beverages~~[or cannabis-infused beverages]~~;
- 10          (c)   A copy of the written request shall be mailed by the department to the  
11                   licensee's registered agent or last known address on file with the department  
12                   by certified mail. Within ten (10) days after the department's mailing of this  
13                   request, the licensee shall file with the department and applicant any objection  
14                   the licensee has to the request, or be permanently barred from objecting; and
- 15          (d)   If a sale is approved, the licensee who purchases the inventory shall notify the  
16                   department within five (5) days after the transfer of that specific inventory.
- 17          (6)   The board may promulgate administrative regulations for additional means for the  
18                   transfer or disposal of alcoholic beverage inventory, including procedures to allow  
19                   the board to dispose of the inventory through public auction if:
- 20           (a)   A final order relating to those alcoholic beverages has been entered after all  
21                   administrative and judicial proceedings are conducted, if applicable;
- 22           (b)   The entire proceeds of the public auction are donated to the alcohol wellness  
23                   and responsibility education fund established in KRS 211.285; and
- 24           (c)   The board deems the inventory safe to release to the public, including but not  
25                   limited to the alcoholic beverages being in their original, unopened packaging.
- 26          ➔Section 49.   KRS 243.720 is amended to read as follows:
- 27          (1)   (a)   There is levied upon the use, sale, or distribution by sale or gift of distilled

1 spirits a tax of one dollar and ninety-two cents (\$1.92) on each wine gallon of  
2 distilled spirits, and a proportional rate per gallon on all distilled spirits used,  
3 sold, or distributed in any container of more or less than one (1) gallon, but  
4 the rate of the excise tax on spirits in retail containers of one-half (1/2) pint  
5 shall be twelve cents (\$0.12); and

6 (b) Notwithstanding the provisions of paragraph (a) of this subsection, distilled  
7 spirits placed in containers for sale at retail, where the distilled spirits  
8 represent six percent (6%) or less of the total volume of the contents of the  
9 containers, shall be taxed at the rate of twenty-five cents (\$0.25) per gallon.

10 (2) There is levied upon the use, sale, or distribution by sale or gift of wine, a tax of  
11 fifty cents (\$0.50) on each gallon of wine, and a proportional rate per gallon on the  
12 wine used, sold, or distributed in any container of more or less than one (1) gallon,  
13 but the tax shall not be less than four cents (\$0.04) on the sale or distribution of any  
14 retail container of wine.

15 (3) (a) There is levied upon the sale or distribution by sale or gift of malt beverages  
16 an excise tax of two dollars and fifty cents (\$2.50) on each barrel of thirty-one  
17 (31) gallons and a proportional rate per gallon on malt beverages sold or  
18 distributed in any container of more or less than thirty-one (31) gallons;

19 (b) Each brewer producing malt beverages in this state shall be entitled to a credit  
20 of fifty percent (50%) of the tax levied on each barrel of malt beverages sold  
21 in this state, up to three hundred thousand (300,000) barrels per annum.

22 ~~(4) There is levied upon the use, sale, or distribution by sale or gift of cannabis infused~~  
23 ~~beverages a tax of one dollar and ninety two cents (\$1.92) on each gallon of a~~  
24 ~~cannabis infused beverage, and a proportional rate per gallon on all cannabis-~~  
25 ~~infused beverages used, sold, or distributed in any container of more or less than~~  
26 ~~one (1) gallon.~~

27 ~~(5)~~ This section shall not apply to:

- 1 (a) Wine manufactured, sold, given away, or distributed and used solely for  
2 sacramental purposes; or
- 3 (b) Distilled spirits and wine purchased by holders of special licenses provided  
4 for in KRS 243.320 and purchased and used in the manner authorized by  
5 those licenses.

6 ➔Section 50. KRS 243.730 is amended to read as follows:

- 7 (1) (a) Wholesalers of distilled spirits and wine shall pay and report the tax levied by  
8 KRS 243.720(1) and (2) on or before the twentieth day of the calendar month  
9 next succeeding the month in which possession or title of the distilled spirits  
10 and wine is transferred from the wholesaler to retailers or consumers in this  
11 state, in accordance with administrative regulations promulgated under KRS  
12 Chapter 13A designed reasonably to protect the revenues of the  
13 Commonwealth.
- 14 (b) 1. Distributors or retailers of malt beverages, who purchase malt beverages  
15 directly from a brewer, shall pay and report the tax levied by KRS  
16 243.720(3) on or before the twentieth day of the calendar month next  
17 succeeding the month in which the brewer sells, transfers, or passes title  
18 of the malt beverage to the distributor or retailer, in accordance with  
19 administrative regulations promulgated under KRS Chapter 13A  
20 designed reasonably to protect the revenues of the Commonwealth.
- 21 2. The credit allowed brewers in this state, under the provisions of KRS  
22 243.720(3)(b), shall flow through to the distributor or retailer who  
23 purchases malt beverages directly from the brewer.
- 24 3. If a brewer sells, transfers, or passes title to malt beverages to any of its  
25 employees for home consumption or to any charitable or fraternal  
26 organization pursuant to the provisions of KRS 243.150, the brewer  
27 shall be responsible for paying and reporting the tax levied by KRS

1                   243.720(3) in accordance with the provisions of paragraph (d) of this  
2                   subsection.

3                   (c) ~~—Cannabis infused beverage distributors shall pay and report the tax levied by~~  
4                   ~~KRS 243.720(4) on or before the twentieth day of the calendar month next~~  
5                   ~~succeeding the month in which possession or title of the cannabis infused~~  
6                   ~~beverages are transferred from the cannabis infused beverage distributor to~~  
7                   ~~retailers or consumers in this state, in accordance with administrative~~  
8                   ~~regulations promulgated under KRS Chapter 13A designed reasonably to~~  
9                   ~~protect the revenues of the Commonwealth.~~

10                  (d) 1. Every brewer selling, transferring, or passing title to malt beverages to  
11                   any person in this state other than a distributor or retailer; ***and***

12                  2. ~~—Every manufacturer of cannabis infused beverages permitted by the~~  
13                  ~~Department for Public Health selling, transferring, or passing title to~~  
14                  ~~cannabis infused beverages to any person in this state other than a~~  
15                  ~~distributor or retailer; and~~

16                  3. ~~—~~ Every other person selling, transferring, or passing title of distilled  
17                  spirits, wine, ***or*** malt beverages ~~— or cannabis infused beverages~~ to  
18                  distributors, retailers ~~— cannabis infused beverage licensees~~, or  
19                  consumers;

20                  shall report and pay the tax levied by KRS 243.720 on or before the twentieth  
21                  day of the calendar month next succeeding the month in which possession or  
22                  title of distilled spirits, wine, ***or*** malt beverages ~~— or cannabis infused~~  
23                  ~~beverages~~ is transferred to a distributor, retailer ~~— cannabis infused beverage~~  
24                  ~~licensee~~, or consumer in this state, in accordance with administrative  
25                  regulations promulgated under KRS Chapter 13A designed reasonably to  
26                  protect the revenues of the Commonwealth.

27                  (e) Every distributor, retailer, or consumer possessing, using, selling, or

1 distributing distilled spirits, wine, or malt beverages~~[, or cannabis-infused~~  
2 ~~beverages]~~ in this state upon which the tax levied by KRS 243.720 and  
3 243.884 has not been paid shall be jointly and severally liable for reporting  
4 and paying the tax due, in accordance with administrative regulations  
5 promulgated under KRS Chapter 13A designed reasonably to protect the  
6 revenues of the Commonwealth. The liability shall not be extinguished until  
7 the tax has been paid to the Department of Revenue.

8 (f) Notwithstanding the provisions of paragraph (a) of this subsection, every  
9 owner of a small farm winery shall pay and report the tax levied by KRS  
10 243.720 (1) and (2) on a quarterly basis, in accordance with administrative  
11 regulations of the Department of Revenue designed reasonably to protect the  
12 revenues of the Commonwealth.

13 (2) Every wholesaler of distilled spirits or wine before using, selling, or distributing by  
14 sale or gift distilled spirits and wine shall register with the Department of Revenue.

15 (3) Every brewer before selling or distributing by sale or gift malt beverages, or before  
16 importing malt beverages into the state, shall register with the Department of  
17 Revenue in a manner as the Department of Revenue may require~~[-~~

18 ~~(4) Every manufacturer of cannabis infused beverages before selling or~~  
19 ~~distributing by sale or gift cannabis infused beverages, or before importing~~  
20 ~~cannabis infused beverages into the state, shall:~~

21 ~~(a) Obtain a permit as a food manufacturer through the Department for Public~~  
22 ~~Health; and~~

23 ~~(b) Register with the Department of Revenue in a manner as the Department of~~  
24 ~~Revenue may require].~~

25 ➔Section 51. KRS 243.790 is amended to read as follows:

26 The sale or distribution of alcoholic beverages~~[ or cannabis infused beverages]~~  
27 manufactured in or imported into this state for shipment permanently out of the state to

1 be sold without the state and consumed without the state shall not be subject to the tax  
2 imposed by KRS 243.720. Provided, however, the Department of Revenue may, when  
3 necessary for the purpose of control enforcement or protection of revenue, prescribe the  
4 conditions under which containers of the alcoholic beverages~~[or cannabis-infused~~  
5 ~~beverages]~~ for shipment permanently out of the state to be sold without the state and  
6 consumed without the state may be kept and trafficked in without payment of the tax.

7 ➔Section 52. KRS 243.850 is amended to read as follows:

8 (1) For the purpose of assisting in the enforcement of KRS 243.720, 243.730, 243.790,  
9 and 243.884, every licensee, except retailers, whether subject to the payment of  
10 taxes imposed by KRS 243.720, 243.730, 243.790, and 243.884, shall, on or before  
11 the twentieth day of each month, render to the Department of Revenue a statement,  
12 in writing, of all trafficking in alcoholic beverages~~[or cannabis-infused beverages]~~  
13 during the preceding month.

14 (2) The statement shall:

15 (a) Be taken directly from the records of the reporting licensee~~[or manufacturer~~  
16 ~~of cannabis-infused beverages permitted by the Department for Public~~  
17 ~~Health]~~, and shall set forth on forms furnished by the Department of Revenue  
18 the required information; and

19 (b) Include alcoholic beverages~~[or cannabis-infused beverages]~~ destined for sale  
20 outside the state, as well as alcoholic beverages~~[or cannabis-infused~~  
21 ~~beverages]~~ subject to the tax imposed by KRS 243.720, 243.730, 243.790, and  
22 243.884.

23 (3) The Department of Revenue shall have authority to require from retail licensees  
24 and~~[,]~~ other licensees~~[, and manufacturers of cannabis-infused beverages]~~ other  
25 reports and statements at the necessary times for the enforcement of KRS 243.720,  
26 243.730, 243.790, and 243.884.

27 ➔Section 53. KRS 243.884 is amended to read as follows:

- 1 (1) (a) For the privilege of making "wholesale sales" or "sales at wholesale" of malt  
2 beverages, wine, or distilled spirits~~[, or cannabis-infused beverages]~~, a tax is  
3 hereby imposed upon all wholesalers of wine and distilled spirits, all  
4 distributors of malt beverages~~[, or cannabis-infused beverages]~~, all direct  
5 shipper licensees shipping alcoholic beverages~~[, or cannabis-infused~~  
6 ~~beverages]~~ to a consumer at a Kentucky address, all distillers making sales  
7 pursuant to KRS 243.0305(3), (4)(a)1. and 2. and (c), (7), (9), (10), (12), and  
8 (13), all microbreweries selling malt beverages under KRS 243.157, and all  
9 small farm wineries selling wine under KRS 243.155~~[, and all manufacturers~~  
10 ~~of cannabis-infused beverages permitted by the Department for Public~~  
11 ~~Health]~~.
- 12 (b) Prior to July 1, 2015, the tax shall be imposed at the rate of eleven percent  
13 (11%) of the gross receipts of any wholesaler or distributor derived from  
14 "sales at wholesale" or "wholesale sales" made within the Commonwealth,  
15 except as provided in subsection (3) of this section. For the purposes of this  
16 section, the gross receipts of a microbrewery making "wholesale sales" shall  
17 be calculated by determining the dollar value amount that the microbrewer  
18 would have collected had it conveyed to a distributor the same volume sold to  
19 a consumer as allowed under KRS 243.157(3)(b) and (c).
- 20 (c) The following rates shall apply to wholesale sales or sales at wholesale:
- 21 1. For distilled spirits~~[, and cannabis-infused beverages]~~, eleven percent  
22 (11%); and  
23 2. For wine and malt beverages, ten percent (10%).
- 24 (d) The following rates shall apply for direct shipper sales:
- 25 1. For distilled spirits~~[, and cannabis-infused beverage shipments]~~, eleven  
26 percent (11%) for wholesale sales or sales at wholesale; and  
27 2. For wine and malt beverage shipments, ten percent (10%) for wholesale

1 sales or sales at wholesale.

2 (e) For direct shipper sales or sales made pursuant to KRS 243.0305, if a  
3 wholesale price is not readily available, the direct shipper licensee or distillery  
4 shall calculate the wholesale price to be seventy percent (70%) of the retail  
5 price of the alcoholic beverages.

6 (2) Wholesalers of distilled spirits and wine, distributors of malt beverages~~[or~~  
7 ~~cannabis-infused beverages]~~, microbreweries, distillers~~[, manufacturers of~~  
8 ~~cannabis-infused beverages permitted by the Department for Public Health]~~, and  
9 direct shipper licensees shall pay and report the tax levied by this section on or  
10 before the twentieth day of the calendar month next succeeding the month in which  
11 possession or title of the distilled spirits, wine, or malt beverages~~[, or cannabis-~~  
12 ~~infused beverages]~~ is transferred from the wholesaler or distributor to retailers, or  
13 by microbreweries, distillers~~[, manufacturers of cannabis-infused beverages~~  
14 ~~permitted by the Department for Public Health]~~, or direct shipper licensees to  
15 consumers in this state, in accordance with administrative regulations promulgated  
16 under KRS Chapter 13A designed reasonably to protect the revenues of the  
17 Commonwealth.

18 (3) Gross receipts from sales at wholesale or wholesale sales shall not include the  
19 following sales:

20 (a) Sales made between wholesalers or~~[,]~~ between distributors~~[, or between~~  
21 ~~manufacturers of cannabis-infused beverages permitted by the Department for~~  
22 ~~Public Health]~~;

23 (b) Sales from the first fifty thousand (50,000) gallons of wine produced by a  
24 small farm winery in a calendar year made by:

25 1. The small farm winery; or

26 2. A wholesaler of that wine produced by the small farm winery; and

27 (c) Sales made between a direct shipper licensee and a consumer located outside

1 of Kentucky.

2 ➔Section 54. KRS 244.060 is amended to read as follows:

3 (1) ~~A~~~~No~~ licensee shall **not** purchase or agree to purchase any alcoholic beverages ~~or~~  
4 ~~cannabis-infused beverages~~ from any person within or without this state, who is  
5 not licensed to sell the beverages to the particular purchaser at the time of the  
6 agreement to sell, nor give any order for any alcoholic beverages to any person who  
7 is not a holder of a special agent's or solicitor's license if this license is required.

8 (2) ~~A~~~~No~~ licensee shall **not** sell or agree to sell any alcoholic beverage ~~or cannabis-~~  
9 ~~infused beverage~~ to any person within or without this state who is not legally  
10 authorized to buy and receive the beverages at the time of the agreement to sell, nor  
11 secure any order for the sale of any alcoholic beverages through any person who is  
12 not the holder of a special agent's or solicitor's license.

13 ➔Section 55. KRS 244.080 is amended to read as follows:

14 A retail licensee, or the licensee's agent, servant, or employee, shall not sell, give away,  
15 or deliver any alcoholic beverages ~~or cannabis-infused beverages~~, or procure or permit  
16 any alcoholic beverages ~~or cannabis-infused beverages~~ to be sold, given away,  
17 possessed by, or delivered to:

18 (1) A minor, except that in any prosecution for selling alcoholic beverages ~~or~~  
19 ~~cannabis-infused beverages~~ to a minor it shall be an affirmative defense that the  
20 sale was induced by the use of false, fraudulent, or altered identification papers or  
21 other documents and that the appearance and character of the purchaser were such  
22 that the purchaser's age could not have been ascertained by any other means and  
23 that the purchaser's appearance and character indicated strongly that the purchaser  
24 was of legal age to purchase alcoholic beverages ~~or cannabis-infused beverages~~.  
25 This evidence may be introduced either in mitigation of the charge or as a defense  
26 to the charge itself; or

27 (2) A person who appears to a reasonable person to be actually or apparently under the

1 influence of alcoholic beverages~~[, cannabis-infused beverages]~~, controlled  
2 substances, other intoxicating substances, or any of these substances in  
3 combination, to the degree that the person may endanger any person or property, or  
4 unreasonably annoy persons in the vicinity.

5 ➔Section 56. KRS 244.150 is amended to read as follows:

6 Each licensee shall keep and maintain upon the licensed premises, or make readily  
7 available upon request of the department or the Department of Revenue, adequate books  
8 and records of all transactions involved in the manufacture, distribution, or sale of  
9 alcoholic beverages~~[and all transactions involved in the distribution or sale of cannabis-~~  
10 ~~infused beverages]~~, in the manner required by administrative regulations of the  
11 department and the Department of Revenue.

12 ➔Section 57. KRS 244.160 is amended to read as follows:

13 Whenever any alcoholic beverage~~[or cannabis-infused beverage]~~, in whatever quantity,  
14 is found on any business premises within this state, a prima facie presumption shall arise  
15 that the alcoholic beverage~~[or cannabis-infused beverage]~~ was upon the premises for the  
16 purpose of sale.

17 ➔Section 58. KRS 244.202 is amended to read as follows:

18 (1) (a) When the department seizes alcoholic beverages~~[or cannabis-infused~~  
19 ~~beverages]~~, within fourteen (14) days of the seizure it shall provide the  
20 licensee with notice of the violation that formed the basis for the seizure under  
21 KRS Chapters 241 to 244.

22 (b) If the department fails to properly provide this notice, the seized alcoholic  
23 beverages~~[or cannabis-infused beverages]~~ shall be returned to the licensee.

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

27 (2) An aggrieved party may appeal the board's final order in the Circuit Court of the

1 county where the seizure occurred.

2 ➔Section 59. KRS 260.852 is amended to read as follows:

3 It is the declared policy of the Commonwealth that hemp is a viable agricultural crop in  
4 the Commonwealth. The purposes of KRS 260.850 to 260.869 are to:

- 5 (1) Promote the research and study methods of cultivating, processing, and marketing  
6 hemp;
- 7 (2) Promote the expansion of the Commonwealth's hemp industry~~[to the maximum~~  
8 ~~extent permitted by federal law]~~ by allowing citizens of the Commonwealth to  
9 cultivate, handle, or process hemp and hemp products for commercial purposes; and
- 10 (3) Move the Commonwealth and its citizens to the forefront of the hemp industry.

11 ➔Section 60. KRS 260.858 is amended to read as follows:

- 12 (1) Notwithstanding any other provision of law to the contrary, it is lawful for a  
13 licensee, or his or her agent, to cultivate, handle, or process hemp or hemp products  
14 in the Commonwealth.
- 15 (2) It is unlawful for a person who does not hold a license issued by the Department ***of***  
16 ***Psychoactive Substances***, or who is not an agent of a licensee, to cultivate, handle,~~[~~  
17 ~~process,~~] or market living hemp plants or viable seeds, leaf materials, or floral  
18 materials derived from hemp. Penalties for persons who cultivate, handle, process,  
19 or market living hemp plants or viable seeds, leaf materials, or floral materials  
20 derived from hemp without a license are the same as those penalties that are  
21 applicable to persons who violate KRS Chapter 218A, relating to marijuana.
- 22 (3) It is unlawful for a person who does not hold a license issued by the department, or  
23 who is not an agent of a licensee, to possess hemp extract material having a~~[delta-~~  
24 ~~9]~~ tetrahydrocannabinol concentration in excess of three-tenths of one percent  
25 (0.3%). Penalties for persons who possess such hemp extract materials without a  
26 license are the same as those penalties that are applicable to persons who violate  
27 KRS Chapter 218A, relating to marijuana.

1 (4) ~~Nothing in~~ This chapter ***shall not authorize***~~authorizes~~ any person to violate any  
 2 federal or state law or regulation.

3 ➔Section 61. KRS 260.862 is amended to read as follows:

4 (1) In addition to any other powers vested in it by law, the department shall have the  
 5 authority and power to promulgate administrative regulations to:

6 (a) License persons who wish to cultivate, handle,~~process,~~ or market hemp;

7 (b) Prescribe rules for a university's participation in, or affiliation with, any hemp  
 8 program;

9 (c) Prescribe sampling and testing procedures to ensure that hemp and hemp  
 10 products cultivated, handled,~~processed,~~ or marketed under the authority of  
 11 this section do not exceed the concentration levels defined in federal law as it  
 12 currently exists or as it may be subsequently amended;

13 (d) ***Prescribe rules for a licensed cultivator or licensed handler to sell hemp***  
 14 ***floral material to a licensed medical cannabis processor, producer, or***  
 15 ***dispensary as defined in KRS Chapter 218B so long as the harvested floral***  
 16 ***material has been grown within the legal framework of the department's***  
 17 ***hemp program and is tested in accordance with the Commonwealth's***  
 18 ***medical cannabis program***~~Define classes or categories of hemp products~~  
 19 ~~that are eligible for sale, transfer, or distribution to members of the public;~~  
 20 and

21 (e) Establish a schedule of nonrefundable fees for applicants and licensees.

22 (2) (a) ~~A~~~~No~~ person shall ***not*** cultivate, handle,~~process,~~ or market hemp in the  
 23 Commonwealth unless the person holds a license issued by the department.

24 (b) Any person seeking to cultivate hemp shall provide to the department the  
 25 legal description and global positioning coordinates sufficient for locating the  
 26 fields or greenhouses to be used to grow hemp.

27 (c) Any person seeking to cultivate or process hemp shall provide to the

1 department prior written consent allowing representatives of the department,  
 2 the Department of Kentucky State Police, and other state and local law  
 3 enforcement agencies to enter onto all premises where hemp is cultivated,  
 4 processed, or stored for the purpose of conducting physical inspections or  
 5 ensuring compliance with the requirements of KRS 260.850 to 260.869 and  
 6 administrative regulations promulgated by the department.

7 (d) An applicant for a license issued by the department shall submit to and pay for  
 8 an annual criminal background check conducted by the Department of  
 9 Kentucky State Police or another state or federal law enforcement agency or  
 10 another entity selected by the department.

11 (e) ~~A [No]~~ person who has been convicted of any felony or any drug-related  
 12 misdemeanor or violation in the previous ten (10) years from the date of  
 13 application shall ***not*** be eligible to obtain a license, provided, however, that:

14 1. A person who was growing hemp lawfully with a license, registration,  
 15 or authorization under a pilot program authorized by Section 7606 of the  
 16 Agricultural Act of 2014, 7 U.S.C. sec. 5940, shall be eligible to obtain  
 17 a license to grow hemp; and

18 2. A person who was lawfully growing hemp under Section 7606 of the  
 19 Agricultural Act of 2014 before December 20, 2018, and was convicted  
 20 prior to December 20, 2018, shall be eligible to obtain a license to grow  
 21 hemp.

22 ➔Section 62. KRS 260.8635 is amended to read as follows:

23 (1) As used in this section, "location" means a single contiguous parcel of land and any  
 24 buildings situated thereon.

25 (2) ~~A [No]~~ person shall ***not*** move or transport, or aid or abet another person in moving  
 26 or transporting, any ***intermediate hemp-derived cannabinoid product***~~hemp extract~~  
 27 ~~material~~ having a delta-9 tetrahydrocannabinol concentration in excess of three-

1 tenths of one percent (0.3%):

2 (a) From any location outside the Commonwealth to any location within the  
3 Commonwealth;

4 (b) From any location inside the Commonwealth to any location outside the  
5 Commonwealth;~~[-or]~~

6 (c) Except as provided in subsection (3) of this section, from any location inside  
7 the Commonwealth to any other location inside the Commonwealth; or

8 (d) Except as provided in subsection (4) of this section.

9 (3) A~~[-licensed]~~ processor licensed by the Department of Psychoactive Substances, or  
10 a person acting as a representative of a licensed processor, may move or transport  
11 intermediate hemp-derived cannabinoid products~~[hemp extract material]~~ having a  
12 delta-9 tetrahydrocannabinol concentration in excess of three-tenths of one percent  
13 (0.3%) from one (1) licensed processing location in the Commonwealth to another  
14 licensed processing location in the Commonwealth, provided that:

15 (a) The intermediate hemp-derived cannabinoid products~~[hemp extract material]~~  
16 shall move directly from one (1) licensed processing location to another; and

17 (b) The licensed processor shall provide written notice to the department of the  
18 planned movement at least twenty-four (24) hours in advance to include the  
19 following information:

- 20 1. The date of the movement;
- 21 2. The address of the origin;
- 22 3. The address of the destination; and
- 23 4. Other information required by the department.

24 (4) A licensed processor, or a person acting as a representative of a licensed  
25 processor, may move or transport intermediate hemp-derived cannabinoid  
26 products having a total tetrahydrocannabinol concentration in excess of three-  
27 tenths of one percent (0.3%) from one (1) licensed processing location to another

1 licensed processing location if:

2 (a) The intermediate hemp-derived cannabinoid products move directly from  
 3 one (1) licensed processing location to another;

4 (b) The licensed processor provides written notice to the department of the  
 5 planned movement at least twenty-four (24) hours in advance to include the  
 6 following information:

7 1. The date of the movement;

8 2. The address of the origin;

9 3. The address of the destination; and

10 4. Other information required by the department; and

11 (c) The intermediate hemp-derived cannabinoid products are transported from  
 12 the Commonwealth to a license holder in another state where that state's  
 13 hemp program accepts the transport of the intermediate hemp-derived  
 14 cannabinoid products from another state and the transportation is not  
 15 transported through a state that does not permit such transport.

16 ➔Section 63. The Department of Agriculture, Department for Public Health, and  
 17 the Department of Alcoholic Beverage Control shall transfer all licensee and licensing  
 18 data to the Department of Psychoactive Substances for any area of their jurisdiction  
 19 related to market participant licensing that has been transferred to the Department of  
 20 Psychoactive Substances in Sections 1 to 62 of this Act.

21 ➔Section 64. The following KRS sections are repealed:

22 243.401 Department to regulate distribution and retail sale of cannabis-infused  
 23 beverages -- Conditions for sale -- Sales to persons under age 21 prohibited --  
 24 Permitted activities by manufacturers -- Shipping and delivery.

25 243.403 Cannabis-infused beverage retail package license -- Requirements --  
 26 Conditions.

27 243.405 Cannabis-infused beverage distributor's license -- Requirements -- Conditions.