

1 AN ACT relating to the regulation of cannabis-infused beverages.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO  
4 READ AS FOLLOWS:

5 *The holder of a cannabis-infused beverage distributor's license may, in wet territory:*

6 *(1) Sell and serve cannabis-infused beverages to consumers at bars, restaurants,*  
7 *fairs, and festivals; and*

8 *(2) With a sampling license, serve complimentary samples of cannabis-infused*  
9 *beverages to consumers on licensed premises and at bars, restaurants, fairs, and*  
10 *festivals, not to exceed twelve (12) ounces per person, per day.*

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

13 *(1) The department may issue a nonquota cannabis-infused beverage drink license*  
14 *as a supplemental license as set forth in this section.*

15 *(2) (a) A nonquota cannabis-infused beverage drink license may be issued by the*  
16 *department as a supplemental license for a retail drink licensee listed in*  
17 *paragraph (b) of this subsection, if the licensed premises is located within:*

18 *1. A wet territory; or*

19 *2. Any precinct that has authorized the sale of alcoholic beverages under*  
20 *KRS 242.1242.*

21 *(b) A nonquota cannabis-infused beverage drink license shall authorize the*  
22 *licensee to sell cannabis-infused beverages by the drink and may be issued*  
23 *as a supplemental license to a cannabis-infused beverage manufacturer*  
24 *permitted by the Department for Public Health or the holder of a:*

25 *1. Quota retail drink license;*

26 *2. Nonquota type 1 retail drink license;*

27 *3. Nonquota type 2 retail drink license;*

1 4. Nonquota type 3 retail drink license;

2 5. Nonquota type 4 retail drink license;

3 6. Special temporary license;

4 7. Special Sunday retail drink license;

5 8. Caterer's license;

6 9. Entertainment destination center license;

7 10. Limited restaurant license;

8 11. Limited golf course license; or

9 12. Qualified historic site license.

10 (c) Licensees identified in paragraph (b) of this subsection shall purchase  
 11 cannabis-infused beverages only from licensed cannabis-infused beverage  
 12 distributors or cannabis-infused beverage manufacturers authorized to self-  
 13 distribute.

14 (3) A nonquota retail cannabis-infused beverage package license may be issued by  
 15 the department as a supplemental license to a retailer that holds a permit to  
 16 operate a hemp retail establishment issued by the Cabinet for Health and Family  
 17 Services, provided the retailer derives at least seventy percent (70%) of its revenue  
 18 from hemp products and meets the criteria outlined in subsection (2)(a) of this  
 19 section.

20 ➔Section 3. KRS 243.0307 is amended to read as follows:

- 21 (1) A sampling license may be issued to the holder of:
- 22 (a) A quota retail drink license;
  - 23 (b) A quota retail package license;
  - 24 (c) A nonquota retail malt beverage package license;
  - 25 (d) An NQ1 license;
  - 26 (e) An NQ2 license;
  - 27 (f) An NQ4 retail malt beverage drink license;~~[- or]~~

- 1 (g) A distiller's license;
- 2 **(h) A cannabis-infused beverage retail package license; or**
- 3 **(i) A nonquota cannabis-infused beverage drink license.**
- 4 (2) A sampling license shall authorize the licensee to allow customers to sample, free
- 5 of charge, distilled spirits, wine, ~~and~~ malt beverages, **and cannabis-infused**
- 6 **beverages** under the following conditions:
- 7 (a) **Except as provided in Sections 1 and 2 of this Act,** sampling shall be
- 8 permitted only on licensed premises and by licensees holding a sampling
- 9 license, during regular business hours;
- 10 (b) A distillery shall provide samples as authorized by KRS 243.0305;
- 11 (c) All other licensees shall limit a customer to:
- 12 1. One (1) ounce of distilled spirits samples per day;
- 13 2. Six (6) ounces of wine samples per day; ~~or~~
- 14 3. Twelve (12) ounces of malt beverage samples per day; **or**
- 15 **4. Twelve (12) ounces of cannabis-infused beverage samples per day;** ~~or~~
- 16 ~~and~~
- 17 (d) A brewer, microbrewery, or out-of-state malt beverage supplier may conduct
- 18 a sampling of malt beverages as permitted by this section at the licensed
- 19 premises of a retailer licensee holding a sampling license; **and**
- 20 **(e) A cannabis-infused beverage manufacturer permitted by the Department for**
- 21 **Public Health or the holder of a cannabis-infused beverage distributor's**
- 22 **license may conduct a sampling of cannabis-infused beverages as permitted**
- 23 **by this section at the licensed premises of a retailer licensee holding a**
- 24 **cannabis-infused beverage retail package license or a nonquota cannabis-**
- 25 **infused beverage drink license.**
- 26 (3) Retailers holding a sampling license shall:
- 27 (a) Notify the Department of Alcoholic Beverage Control at least seven (7) days

- 1 in advance of conducting a free sampling event; and
- 2 (b) Limit a sampling event to a period not to exceed four (4) consecutive hours
- 3 between 12 noon and 8 p.m.
- 4 (4) In addition to free sampling, a quota retail package licensee holding a sampling
- 5 license may also sell sample distilled spirits and wine under the following
- 6 conditions:
- 7 (a) Paid samples may be sold only on licensed premises and by licensees holding
- 8 a sampling license, during regular business hours; and
- 9 (b) A licensee shall limit a customer to purchased samples totaling no more than:
- 10 1. Two (2) ounces of distilled spirits per day; and
- 11 2. Nine (9) ounces of wine per day.
- 12 (5) A quota retail package licensee holding both a sampling license and a nonquota
- 13 retail malt beverage package license may also sell samples of malt beverages under
- 14 the following conditions:
- 15 (a) Paid samples may be sold only on licensed premises and by licensees holding
- 16 a sampling license, during regular business hours;
- 17 (b) A licensee shall limit a customer to no more than sixteen (16) ounces of malt
- 18 beverages per day; and
- 19 (c) The retail price of a sample shall not be less than a licensee's purchase cost of
- 20 the sample.
- 21 (6) No customer shall be allowed to receive a combination of free and purchased
- 22 samples totaling more than:
- 23 (a) Two (2) ounces of distilled spirits per day; and
- 24 (b) Nine (9) ounces of wine per day.
- 25 (7) Free and paid samples provided under this section shall not constitute drink sales.
- 26 ➔Section 4. KRS 243.401 is amended to read as follows:
- 27 (1) (a) The distribution and retail sale of cannabis-infused beverages shall be

1 regulated solely by the Department of Alcoholic Beverage Control. The  
 2 department shall adopt and exclusively enforce the administrative regulations  
 3 of the Department for Public Health relating to the distribution and retail sale  
 4 of cannabis-infused beverages until such time as the Department of Alcoholic  
 5 Beverage Control promulgates its own administrative regulations on the  
 6 subject on or before July 1, 2026, **including the establishment of fees to issue**  
 7 **a nonquota cannabis-infused beverage drink license.**

8 (b) The distribution and retail sale of packaged cannabis-infused beverages shall  
 9 be regulated by the department. On or before July 1, 2026, the department  
 10 shall promulgate administrative regulations in accordance with KRS Chapter  
 11 13A to establish the rules and procedures for this distribution and retail sale.

12 (c) A local administrator shall only have authority over the distribution and retail  
 13 sale of cannabis-infused beverages in its territory to the extent expressly  
 14 authorized by KRS Chapters 241 to 244.

15 (2) **Except as provided in Sections 1 and 2 of this Act,** cannabis-infused beverages  
 16 shall only be available for retail sale:

17 (a) **By the drink;**

18 (b) By the package;

19 (c)~~(b)~~ In wet territory; and

20 (d)~~(c)~~ By the holder of ~~both~~ a:

21 **1.** Quota retail package license;~~and~~

22 **2.** ~~A~~Cannabis-infused beverage retail package license; **or**

23 **3.** **Nonquota cannabis-infused beverage drink license.**

24 (3) A person under twenty-one (21) years of age shall not purchase or consume  
 25 cannabis-infused beverages. All restrictions and offenses related to minors and  
 26 alcoholic beverages in KRS Chapters 241 to 244 shall also apply in the same  
 27 manner to minors and cannabis-infused beverages.

- 1 (4) If approved as a cannabis-infused beverage manufacturer by the Department for  
2 Public Health, that manufacturer may:
- 3 (a) Self-distribute cannabis-infused beverages in the same manner as distilled  
4 spirits; and
- 5 (b) Ship cannabis-infused beverages under a direct shipper license in the same  
6 manner that a direct shipper license allows the shipment of alcoholic  
7 beverages. A direct shipper licensee may sell or ship to a consumer all types  
8 of alcoholic beverages and cannabis-infused beverages that the licensee is  
9 authorized to sell.
- 10 (5) Cannabis-infused beverages may be shipped and delivered in the same manner as  
11 alcoholic beverages.
- 12 ➔Section 5. KRS 189.530 is amended to read as follows:
- 13 (1) No person shall provide a motor vehicle to another to operate upon a highway,  
14 knowing that the other person is in an intoxicated condition, or under the influence  
15 of any substance which may impair one's driving ability.
- 16 (2) A person is guilty of possession of an open alcoholic beverage container in a motor  
17 vehicle, when he or she has in his or her possession an open alcoholic beverage  
18 container in the passenger area of a motor vehicle located on a public highway or  
19 on the right-of-way of a public highway. However, nothing in this section shall  
20 prohibit the possession of an open alcoholic beverage container by an individual  
21 who is strictly a passenger and not the driver, in the passenger area of a motor  
22 vehicle maintained or used primarily for the transportation of persons for  
23 compensation, such as buses, taxis, and limousines, or in a recreational vehicle,  
24 motor home, or motor coach.
- 25 (3) **A person is guilty of possession of an open cannabis-infused beverage container**  
26 **in a motor vehicle, when he or she has in his or her possession an open cannabis-**  
27 **infused beverage container in the passenger area of a motor vehicle located on a**

1 public highway or on the right-of-way of a public highway. However, nothing in  
 2 this section shall prohibit the possession of an open cannabis-infused beverage  
 3 container by an individual who is strictly a passenger and not the driver, in the  
 4 passenger area of a motor vehicle maintained or used primarily for the  
 5 transportation of persons for compensation, such as buses, taxis, and limousines,  
 6 or in a recreational vehicle, motor home, or motor coach.

7 (4) As used in~~For purposes of~~ this section, "alcoholic beverage" means:

- 8 (a) Beer, ale, porter, stout, and other similar fermented beverages including sake  
 9 or similar products of any name or description containing one-half of one  
 10 percent (0.5%) or more of alcohol by volume, brewed or produced from malt,  
 11 wholly or in part, or from any substitute therefor;
- 12 (b) Wine of not less than one-half of one percent (0.5%) of alcohol by volume; or
- 13 (c) Distilled spirits which is that substance known as ethyl alcohol, ethanol, or  
 14 spirits of wine in any form including all dilutions and mixtures thereof from  
 15 whatever source or by whatever process produced.

16 ~~(5)~~~~(4)~~ As used in~~For the purposes of~~ this section, "open alcoholic beverage  
 17 container" means any bottle, can, or other receptacle that contains any amount of  
 18 alcoholic beverage, and:

- 19 (a) Is open or has a broken seal; or  
 20 (b) The contents of which are partially removed.

21 ~~(6)~~~~(5)~~ As used in this section, "open cannabis-infused beverage container" means  
 22 any bottle, can, or other receptacle that contains any amount of cannabis-infused  
 23 beverage and:

- 24 (a) Is open or has a broken seal; or  
 25 (b) The contents of which are partially removed.

26 (7) As used in~~For the purposes of~~ this section, "passenger area" means the area  
 27 designed to seat the driver and the passengers while the motor vehicle is in

1 operation and any area that is readily accessible to the driver or a passenger while in  
2 their seating positions, including the glove compartment. Passenger area does not  
3 include possession of an open alcoholic beverage container or an open cannabis-  
4 infused beverage container in a locked glove compartment, or behind the last  
5 upright seat or in an area not normally occupied by the driver or a passenger in a  
6 motor vehicle that is not equipped with a trunk.

7 ~~(8)~~~~(6)~~ As used in ~~For the purpose of~~ this section, "public highway" or "right-of-way  
8 of a public highway" means the entire width between and immediately adjacent to  
9 the boundary lines of every way publicly maintained when any part thereof is open  
10 to the use of the public for purposes of vehicular travel.

11 ~~(9)~~~~(7)~~ No person shall, as a result of a single course of conduct, be tried for or  
12 convicted of a violation of this section and a violation of KRS 222.202 or 525.100.  
13 The attorney for the Commonwealth shall elect under which statute to proceed. A  
14 conviction, decision not to prosecute, or dismissal of charges under any of these  
15 statutes shall operate as a bar to prosecution under any other of these statutes for  
16 offenses arising out of the same course of conduct.

17 ➔Section 6. KRS 243.081 is amended to read as follows:

18 (1) If authorized under its licensing statute, a license holder with the privilege of selling  
19 alcoholic beverages by the drink at retail shall be permitted to sell alcoholic  
20 beverages by the drink in a sealed container, and by the package in sealed original  
21 containers, on a delivery, to-go, or take-out basis, as follows:

22 (a) The sale of alcoholic beverages pursuant to this section shall be in conjunction  
23 with the purchase of a prepared meal and only in quantities that a reasonable  
24 person would purchase with a meal;

25 (b) Deliveries, if applicable, shall be made in a vehicle operated and owned by  
26 the licensee, the licensee's employee, or an independent contractor or agent;  
27 and

- 1 (c) Any person delivering alcoholic beverages shall be at least twenty-one (21)  
2 years of age.
- 3 (2) All licensees and their employees and independent contractors are prohibited from:
- 4 (a) Selling alcohol in bulk quantities;
- 5 (b) Completing sales in dry territories; or
- 6 (c) Delivering:
- 7 1. Into dry territory;
- 8 2. To a minor under twenty-one (21) years of age; or
- 9 3. To an intoxicated person.
- 10 (3) (a) For purposes of this section, alcoholic drinks to go shall be:
- 11 1. Placed in a bag or other container that is secured in a manner that makes  
12 it visibly apparent if the container has been subsequently opened or  
13 tampered with; and
- 14 2. Transported in a locked glove compartment or the trunk or other area  
15 that is not a passenger area under KRS 189.530~~[(5)]~~.
- 16 (b) The department may, but is not required to, promulgate an administrative  
17 regulation that sets forth the:
- 18 1. Conditions under which sales may take place;
- 19 2. Days and times that sales may take place; and
- 20 3. The requirements for transportation of alcoholic drinks to go under this  
21 section.
- 22 (4) For purposes of this section, vehicles used for deliveries shall be exempt from  
23 displaying the name and license number of the retail licensee selling the alcoholic  
24 beverages being delivered.
- 25 (5) Except as provided in this section, sales of alcoholic beverages shall be subject to  
26 all of the statutes and administrative regulations relating to the retail sale of  
27 alcoholic beverages.

1           ➔Section 7. KRS 243.117 is amended to read as follows:

2     If a patron removes a resealed bottle of wine from the premises of a restaurant as  
3     provided for in KRS 243.115, any resealed bottle of wine that is transported in a motor  
4     vehicle shall be placed in a locked glove compartment or the trunk or other area that is  
5     not a passenger area under KRS 189.530~~[(5)]~~.

6           ➔Section 8. KRS 243.033 is amended to read as follows:

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

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

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

18    (a) Purchase and store alcoholic beverages in the manner prescribed in KRS  
19    243.088, 243.250, and 244.260;

20    (b) Transport, sell, serve, and deliver alcoholic beverages by the drink at locations  
21    away from the licensed premises or at the caterer's designated banquet hall in  
22    conjunction with the catering of food and alcoholic beverages for a customer  
23    and the customer's guests, in:

24    1. Cities and counties established as moist territory under KRS 242.1244 if  
25    the receipts from the catering of food at any catered event are at least  
26    seventy percent (70%) of the gross receipts from the catering of both  
27    food and alcoholic beverages;

- 1           2. Precincts established as moist territory if the receipts from the catering  
2           of food at any catered event are at least ten percent (10%) of the gross  
3           receipts from the catering of both food and alcoholic beverages. This  
4           subparagraph shall supersede any conflicting provisions of KRS  
5           Chapters 241 to 244;
- 6           3. Wet cities and counties in which quota retail drink licenses are not  
7           available if the receipts from the catering of food at any catered event  
8           are at least fifty percent (50%) of the gross receipts from the catering of  
9           both food and alcoholic beverages; or
- 10          4. All other wet territory if the receipts from the catering of food at any  
11          catered event are at least thirty-five percent (35%) of the gross receipts  
12          from the catering of both food and alcoholic beverages;
- 13          (c) Receive and fill telephone orders for alcoholic beverages in conjunction with  
14          the ordering of food for a catered event; and
- 15          (d) Receive payment for alcoholic beverages served at a catered event on a by-  
16          the-drink, cash bar, or by-the-event basis. The caterer may bill the customer  
17          for by-the-function sales of alcoholic beverages in the usual course of the  
18          caterer's business.
- 19          (4) A caterer licensee shall not cater alcoholic beverages at locations for which retail  
20          alcoholic beverage licenses or special temporary licenses have been issued. A  
21          caterer licensee may cater a charitable or nonprofit fundraising event for which a  
22          special temporary alcoholic beverage auction license has been issued under KRS  
23          243.036.
- 24          (5) A caterer licensee shall not cater alcoholic beverages on Sunday except in territory  
25          in which the Sunday sale of alcoholic beverages is permitted under the provisions  
26          of KRS 244.290 and 244.480.
- 27          (6) The location at which alcoholic beverages are sold, served, and delivered by a

1 caterer, pursuant to this section, shall not constitute a public place for the purpose of  
2 KRS Chapter 222. If the location is a multi-unit structure, only the unit or units at  
3 which the function being catered is held shall be excluded from the public place  
4 provisions of KRS Chapter 222.

5 (7) The caterer licensee shall post a copy of the licensee's caterer's license at the  
6 location of the function for which alcoholic beverages are catered.

7 (8) All restrictions and prohibitions applying to a quota retail drink licensee and an  
8 NQ4 retail malt beverage drink licensee not inconsistent with this section shall  
9 apply to the caterer licensee.

10 (9) The caterer licensee shall maintain records as set forth in KRS 244.150 and in  
11 administrative regulations promulgated by the board.

12 (10) Notwithstanding subsection (3)(b) of this section, a caterer may serve alcoholic  
13 beverages to guests who are twenty-one (21) years of age or older at a private event  
14 in dry territory if:

15 (a) The alcoholic beverages were lawfully purchased in a wet or moist territory:

16 1. By an individual; or

17 2. At the caterer's licensed premises in wet or moist territory; and

18 (b) The alcoholic beverages are not sold in dry territory to guests at the private  
19 residence or private event regardless of whether the venue is a public place.

20 **(11) A nonquota retail cannabis-infused beverage drink license may be issued by the**  
21 **department as a supplemental license to a caterer licensee in accordance with**  
22 **subsection (2) of Section 2 of this Act.**

23 ➔Section 9. KRS 243.034 is amended to read as follows:

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

27 (a) Any wet territory; or

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

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

4    **(6) A nonquota retail cannabis-infused beverage drink license may be issued by the**  
5    **department as a supplemental license to an individual or entity that holds a**  
6    **caterer's license in accordance with subsection (2) of Section 2 of this Act.**

7    ➔Section 10. KRS 243.039 is amended to read as follows:

8    (1) A limited golf course license may be issued to an establishment that is a nine (9) or  
9    an eighteen (18) hole golf course that meets United States Golf Association criteria  
10   as a regulation golf course as long as the establishment is within:

11       (a) Any wet territory; or

12       (b) Any moist precinct that has specifically authorized the sale of distilled spirits,  
13       wine, and malt beverages at that establishment under KRS 242.123.

14   (2) A limited golf course license shall authorize the licensee to purchase, receive,  
15   possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for  
16   consumption on the licensed premises. The licensee shall purchase distilled spirits,  
17   wine, and malt beverages only from licensed wholesalers or distributors. The  
18   license shall not authorize the licensee to sell distilled spirits, wine, and malt  
19   beverages by the package.

20   **(3) A nonquota retail cannabis-infused beverage drink license may be issued by the**  
21   **department as a supplemental license to the holder of a limited golf course license**  
22   **in accordance with subsection (2) of Section 2 of this Act.**

23   ➔Section 11. KRS 243.042 is amended to read as follows:

24   (1) A qualified historic site license may be issued to any establishment meeting the  
25   criteria established in KRS 241.010 as long as the establishment is within:

26       (a) Any wet territory; or

27       (b) Any precinct that has authorized the sale of alcoholic beverages under KRS

1 242.1242.

2 (2) A qualified historic site license shall authorize the licensee to:

3 (a) Sell alcoholic beverages by the drink at one (1) or more permanent or  
4 nonpermanent locations on the premises over which the licensee, by lease or  
5 ownership, has exclusive control without obtaining additional supplemental  
6 bar licenses prescribed by KRS 243.037;

7 (b) Sell alcoholic beverages by the drink to patrons at public or private functions  
8 held on the premises; and

9 (c) Purchase and store alcoholic beverages in the manner prescribed in KRS  
10 243.088, 243.250, and 244.260.

11 **(3) A nonquota retail cannabis-infused beverage drink license may be issued by the**  
12 **department as a supplemental license to an individual or entity that holds a**  
13 **qualified historic site license in accordance with subsection (2) of Section 2 of**  
14 **this Act.**

15 ➔Section 12. KRS 243.082 is amended to read as follows:

16 (1) A "Nonquota type 1" or "NQ1" retail drink license may be issued to an applicant  
17 operating as, or in:

18 (a) A convention center or a convention hotel complex;

19 (b) A horse racetrack;

20 (c) An automobile racetrack;

21 (d) A railroad system;

22 (e) A commercial airlines system or charter flight system; or

23 (f) A state park.

24 (2) Any licensee holding an NQ1 retail drink license located in a qualifying convention  
25 center or a convention hotel complex, horse racetrack, an automobile racetrack, or  
26 state park may purchase, receive, possess, and sell alcoholic beverages at retail by  
27 the drink for consumption on the licensed premises. The license shall permit all

1 alcoholic beverage sales on the premises without additional supplemental licenses.  
2 The licensee shall purchase alcoholic beverages only from licensed wholesalers or  
3 distributors. The holder of an NQ1 retail drink license under this section shall store  
4 alcoholic beverages in the manner prescribed in KRS 244.260.

5 (3) A qualifying convention center or a convention hotel complex holding an NQ1  
6 retail drink license may also hold a supplemental hotel in-room service license.

7 (4) A qualifying railroad system holding an NQ1 retail drink license may purchase,  
8 receive, possess, and sell alcoholic beverages at retail by the drink or by the  
9 package, upon any train that includes a dining car and is operated by the licensee in  
10 the state. Sales shall be made only while the train is in motion. A railroad system  
11 holding an NQ1 retail drink license may sell alcoholic beverages in unbroken  
12 packages smaller than two hundred (200) milliliters of distilled spirits and one  
13 hundred (100) milliliters of wine and may purchase alcoholic beverages from  
14 nonresidents.

15 (5) A qualifying commercial airlines system or charter flight system holding an NQ1  
16 retail drink license may purchase, receive, possess, and sell alcoholic beverages at  
17 retail by the drink, and by miniature bottle, for consumption upon regularly  
18 scheduled or charter flights of the licensee, in and out of Kentucky. The license  
19 shall authorize the licensee to store alcoholic beverages for retail sale at a location  
20 or locations, if operating from more than one (1) airport in Kentucky, as designated  
21 on the license application.

22 (6) An NQ1 retail drink license may be issued to any qualifying applicant within a state  
23 park meeting the criteria established in KRS 241.010 so long as the state park is  
24 located, in whole or in part, within:

25 (a) Any wet territory; or

26 (b) Any precinct that has authorized the sale of alcoholic beverages under KRS  
27 242.022.

1 *(7) A nonquota retail cannabis-infused beverage drink license may be issued by the*  
2 *department as a supplemental license to an individual or entity that holds an NQ1*  
3 *retail drink license in accordance with subsection (2) of Section 2 of this Act.*

4 ➔Section 13. KRS 243.084 is amended to read as follows:

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

7 (a) A hotel that:

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

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

11 (b) A restaurant;

12 (c) An airport;

13 (d) A riverboat;

14 (e) A distiller; or

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

17 (2) A holder of an NQ2 retail drink license may purchase, receive, possess, and sell  
18 alcoholic beverages at retail by the drink for consumption on the licensed premises  
19 or off-premises consumption pursuant to KRS 243.081. The licensee shall purchase  
20 alcoholic beverages only from licensed wholesalers or distributors, except for  
21 purchases made by restaurants pursuant to subsection (4) of this section. A distiller  
22 may purchase its own products for retail drink sales under KRS 243.0305. The  
23 holder of an NQ2 retail drink license shall store alcoholic beverages in the manner  
24 prescribed in KRS 244.260.

25 (3) (a) To qualify for an NQ2 license, a riverboat shall have a regular or alternative  
26 place of mooring in a wet county or city of this state.

27 (b) If a riverboat moors or makes landfall in a location other than its regular or

1 alternate regular place of mooring, all alcoholic beverages shall be kept  
2 locked.

3 (c) A riverboat licensed under this subsection shall not take on or discharge  
4 passengers when mooring or making landfall in dry option territory.

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

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

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

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

13 3. Include a copy of each receipt of purchase.

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

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

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

17 3. Three (3) cases of malt beverages per month.

18 **(5) A nonquota retail cannabis-infused beverage drink license may be issued by the**  
19 **department as a supplemental license to an individual or entity that holds an NQ2**  
20 **retail drink license in accordance with subsection (2) of Section 2 of this Act.**

21 ➔Section 14. KRS 243.086 is amended to read as follows:

22 (1) A "Nonquota type 3" or "NQ3" retail drink license may be issued to an applicant  
23 operating as, or in:

24 (a) A private club;

25 (b) A dining car; or

26 (c) A bed and breakfast.

27 (2) The holder of an NQ3 retail drink license may purchase, receive, possess, and sell

1 alcoholic beverages at retail by the drink for consumption on the licensed premises.  
2 The licensee shall purchase alcoholic beverages only from licensed wholesalers or  
3 distributors. The holder of an NQ3 retail drink license shall store alcoholic  
4 beverages in the manner prescribed in KRS 244.260.

5 (3) A qualifying private club holding an NQ3 retail drink license shall exclude the  
6 general public from the licensed premises.

7 (4) A qualifying bed and breakfast holding an NQ3 retail drink license shall only sell  
8 alcoholic beverages by the drink to paid overnight guests of the licensee.

9 **(5) A nonquota retail cannabis-infused beverage drink license may be issued by the**  
10 **department as a supplemental license to an individual or entity that holds an NQ3**  
11 **retail drink license in accordance with subsection (2) of Section 2 of this Act.**

12 ➔Section 15. KRS 243.088 is amended to read as follows:

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

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

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

20 (b) Purchase malt beverages only from a distributor, except for purchases made  
21 pursuant to subsection (5) of this section.

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

24 (4) A nonquota retail malt beverage drink license shall not be issued to any premises  
25 from which gasoline and lubricating oil are sold or from which the servicing and  
26 repair of motor vehicles is conducted, unless there is maintained in inventory on the  
27 premises for sale at retail not less than five thousand dollars (\$5,000) of food,

1 groceries, and related products valued at cost. For purposes of this subsection, the  
2 term "food and groceries" has the meaning provided in KRS 243.280. This section  
3 shall not apply to any licensed premises that sells no fuel other than marine fuel.

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

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

- 9 1. Only be sold by the drink for consumption on the licensed premises;
- 10 2. Be reported quarterly on a form prescribed by the department; and
- 11 3. Include a copy of each receipt of purchase.

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

14 **(6) A nonquota retail cannabis-infused beverage drink license may be issued by the**  
15 **department as a supplemental license to an individual or entity that holds an NQ4**  
16 **retail drink license in accordance with subsection (2) of Section 2 of this Act.**

17 ➔Section 16. KRS 243.110 is amended to read as follows:

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

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

26 (b) A brewery holding a license listed in KRS 243.040(5) or (8) shall not apply  
27 for or hold a license listed in KRS 243.040(3) or (4).

- 1 (3) (a) The holder of a quota retail package license may also hold a quota retail drink  
2 license, an NQ1 retail drink license, an NQ2 retail drink license, an NQ3 retail  
3 drink license, a cannabis-infused beverage retail package license, or a special  
4 nonbeverage alcohol license.
- 5 (b) The holder of a transporter's license may also hold a distilled spirits and wine  
6 storage license.
- 7 (c) The holder of a distiller's license may also hold a rectifier's license, a special  
8 nonbeverage alcohol license, a winery license, or a small farm winery license.
- 9 (d) A commercial airline system or charter flight system retail license, a  
10 commercial airline system or charter flight system transporter's license, and a  
11 retail drink license if held by a commercial airline or charter flight system  
12 may be held by the same licensee.
- 13 (e) A Sunday retail drink license, vintage distilled spirits license, and  
14 supplemental license may be held by the holder of a primary license.
- 15 (f) The holder of a distiller's, winery, small farm winery, brewer, microbrewery,  
16 distilled spirits and wine supplier's, or malt beverage supplier's license may  
17 also hold a direct shipper license.
- 18 (g) The holder of an NQ1 retail drink license, an NQ2 retail drink license, an  
19 NQ3 retail drink license, a quota retail drink license, or a limited restaurant  
20 license may also hold a limited nonquota package license.
- 21 **(h) The holder of a special temporary license, a special Sunday retail drink**  
22 **license, a caterer's license, an entertainment destination center license, a**  
23 **limited restaurant license, a limited golf course license, a quota retail drink**  
24 **license, or a qualified historic site license may also hold a nonquota retail**  
25 **cannabis-infused beverage drink license as a supplemental license.**
- 26 (4) (a) The holder of a cannabis-infused beverage retail package license shall not  
27 apply for or hold the license listed in KRS 243.030(5) or 243.040(3).

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

3 (e) ~~]~~The holder of a cannabis-infused beverage distributor's license may hold it as  
4 a primary license or as a supplemental license to a distributor's license or a  
5 wholesaler's license.

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

7 (6) A person or entity shall not evade the prohibition against applying for or holding  
8 licenses of two (2) kinds by applying for a second license through or under the  
9 name of a different person or entity. The state administrator shall examine the  
10 ownership, membership, and management of applicants, and shall deny the  
11 application for a license if the applicant is substantially interested in a person or  
12 entity that holds an incompatible license.

13 ➔Section 17. KRS 243.250 is amended to read as follows:

14 (1) A quota retail drink license shall authorize the licensee to purchase, receive,  
15 possess, and sell distilled spirits and wine at retail by the drink for consumption on  
16 the licensed premises, or off-premises consumption pursuant to KRS 243.081. The  
17 licensee shall purchase distilled spirits and wine only from licensed wholesalers,  
18 except for purchases made pursuant to subsection (2) of this section.

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

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

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

- 1 (c) The holder of a quota retail drink license shall not purchase at retail more  
2 than:  
3 1. Nine (9) liters of distilled spirits per month; and  
4 2. Nine (9) liters of wine per month.

5 **(3) A nonquota retail cannabis-infused beverage drink license may be issued by the**  
6 **department as a supplemental license to an individual or entity that holds a quota**  
7 **retail drink license in accordance with subsection (2) of Section 2 of this Act.**

8 ➔Section 18. KRS 243.260 is amended to read as follows:

- 9 (1) A special temporary license may be issued in wet territory to any regularly  
10 organized fair, exposition, racing association, farmers market, or other party, when  
11 in the opinion of the board a necessity for the license exists. Unless inconsistent  
12 with this section, a special temporary licensee shall have the same privileges and  
13 restrictions of a quota retail drink licensee and an NQ4 retail malt beverage drink  
14 licensee at the designated premises, not to exceed thirty (30) days.
- 15 (2) A nonprofit organization holding an NQ4 retail malt beverage drink license may be  
16 issued a special temporary license to sell distilled spirits and wine by the drink on  
17 the licensed premises for a specified and limited time, not to exceed ten (10) days.  
18 The temporary license may be issued in conjunction with any public or private  
19 event, including but not limited to weddings, receptions, reunions, or similar  
20 occasions.
- 21 (3) The holder of a special temporary license may sell, serve, and deliver alcoholic  
22 beverages by the drink, for consumption only at the designated premises and the  
23 date and times for the qualifying event.
- 24 (4) A special temporary license shall not be issued for an event held in dry or moist  
25 territory.

26 **(5) A nonquota retail cannabis-infused beverage drink license may be issued by the**  
27 **department as a supplemental license to the holder of a special temporary license**

1 *in accordance with subsection (2) of Section 2 of this Act.*