

CORRECTIONS IMPACT STATEMENT

SESSION: 26RS BILL #: HB 612

Introduced

BR #: 44

BILL SPONSOR(S): Rep. M. Koch

AMENDMENT SPONSOR(S):

TITLE: AN ACT relating to regulated substances and declaring an emergency.

SUMMARY OF LEGISLATION: Create a new section of KRS Chapter 138 to define terms; impose a 4% state retail regulatory license fee on all alcoholic beverage sales to consumers by alcoholic beverage retailers; establish procedures and duties of retailers; establish KRS Chapter 243A and create new sections thereof to impose state wholesale regulatory license fees on alcoholic beverages, state retail regulatory license fees on kratom, hemp-derived, and cannabinoid products, and penalties for violations; set out regulatory license fee rates, deductions for timely filing and payment, and licensee duties; amend KRS 211.285 to fund the alcohol wellness and responsibility education fund with 0.5% of the collected state retail regulatory license fees; amend KRS 241.010 to define "state or national conference" and redefine "alcoholic beverages"; amend KRS 241.069 to delete outdated language; amend various sections of KRS Chapter 243 to establish state license fees for new and existing license types; limit licensee discipline to only the specific license in question; establish a souvenir package license for distillers; authorize distillers, small farm wineries, and microbreweries to allow leashed dogs on their premises; allow caterers and special temporary auction licensees at state and national conferences; modify the privileges for various licensees, including a limited golf course, wholesaler, Class B distiller, and special agent or solicitor; allow a qualified historic site to sell alcoholic beverages by the package under a limited nonquota package license; add references to the new tax structure and statutes; modify requirements for public notice of a license application; sunset existing excise, wholesale, and other taxes on July 1, 2027, as they relate to alcoholic beverages; repeal and reenact KRS 243.075, relating to local regulatory license fees, to allow any moist or wet city or county to impose the fee; authorize audits of each city's or county's regulatory license fee fund by the Auditor of Public Accounts for the most recent 10 years; describe audit penalties for cities and counties that fail to substantially comply; establish the regulatory license fee audit fund; direct cities and counties to reduce the regulatory license fee to 3% within 4 years; limit future cities and counties to a 1% regulatory license fee; amend KRS 244.080 to permanently prohibit a retail license from using a premises if the licensee sold to minors at that premises 3 or more times in 24 months; amend KRS 244.585 to establish limitations for agreements between distributors and breweries or microbreweries; amend KRS 131.250, 139.010, 243.045, 243.430, 243.790, 243.850, and 243.990 to conform; EFFECTIVE, in part, July 1, 2027; EMERGENCY.

AMENDMENT:

This bill amendment committee substitute is expected to:

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| <input checked="" type="checkbox"/> Have the following Corrections impact | <input type="checkbox"/> Have no Corrections impact. |
| <input checked="" type="checkbox"/> Creates new crime(s) | <input type="checkbox"/> Repeals existing crime(s) |
| <input type="checkbox"/> Increases penalty for existing crime(s) | <input type="checkbox"/> Decreases penalty for existing crime(s) |
| <input type="checkbox"/> Increases incarceration | <input type="checkbox"/> Decreases incarceration. |
| <input type="checkbox"/> Reduces inmate/offender services | <input type="checkbox"/> Increases inmate/offender services. |
| <input type="checkbox"/> Increases staff time or positions | <input type="checkbox"/> Reduces staff time or positions. |
| <input type="checkbox"/> Changes elements of the offense for existing crime(s) | |
| <input type="checkbox"/> Otherwise impacts incarceration (Explain): | |

STATE IMPACT: Class A, B, & C felonies are based on an average daily prison rate of \$116.41. Community Custody Class C and most Class D felons are housed in one of seventy-four (74) full-service or regional jails for up to five (5) years. Department of Corrections cost to incarcerate a felony inmate in jail is \$46.51 per day, which includes \$35.34 per diem, medical costs, and central office administrative costs (substance abuse treatment not included).*

Projected Impact: NONE MINIMAL to MODERATE (< \$1 million) SIGNIFICANT (> \$1 million)

The legislation would have no impact on operational costs at the state level.

